



2020 Half year results

12 August 2020

M&G plc half year 2020 results

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Notes: All figures relate to continuing operations unless otherwise stated. Where relevant, 2019 figures have been restated to include the results of entities acquired prior to the demerger as if those entities had always been combined, in line with merger accounting principles. Throughout this presentation, totals in tables and charts may not sum as a result of rounding.

Financial highlights

		H1 2019	H1 2020
AUMA & Flows	Assets under Management and Administration (£bn)	352 ¹	339
	Savings and Asset Management net client flows (£bn)	(1.4)	(4.1)
Adjusted operating profit	Adjusted Operating Profit (£m)	714	309
	- of which Savings and Asset Management (£m)	262	162
	- of which Heritage (£m)	476	298
Capital and Capital Generation	Shareholder Solvency II surplus (£bn)	4.5 ¹	3.9
	Shareholder Solvency II coverage ratio	176% ¹	164%
	Operating Capital Generation (£m)	764	539
	Total Capital Generation (£m)	930	(202)



Business Review

John Foley, Chief Executive

Resilient performance in a challenging market

Financial highlights

AUMA

£339bn

Adjusted
Operating Profit

£309m

Total Capital
Generation

£(202)m

Shareholder SII
coverage ratio

164%

We remain committed to:

Our dividend policy
confirming our 2020
interim DPS of 6.00p¹

**£2.2bn Total Capital
Generation** for the
2020-2022 period

£145m savings
p.a. by 2022

The impact of COVID-19

Stepping up to continue delivering to customers and shareholders

ON OUR BUSINESS



Resilient Operations

- Accelerated **digitisation of interaction with advisers and customers** enhancing customer outcomes¹
- **Increased remote connection capacity from 1,500 to 7,500** and funded home office equipment for all colleagues
- Accelerated launch of **productivity and collaboration tools for colleagues**
- Monitored and **proactively managed supply chain resilience**



Robust Financials

- Maintained a robust balance-sheet throughout the crisis, by taking **proactive capital management actions**
- Delivered **strong underlying capital generation** thanks to a resilient and diversified business model
- **Experienced no defaults** and minimal downgrades in annuity book (83% of portfolio is A- or above)
- **Paid announced FY 2019 dividend** comprising 11.92p ordinary and 3.85p demerger related special dividend

ON CUSTOMERS



Greater Uncertainty

- Financial constraints push customers to **access and withdraw their savings**
- Confidence in market recovery remains low as **fears of a second wave** remains
- **Reduced productivity of UK IFAs** due to no face-to-face interactions and limited digital capabilities

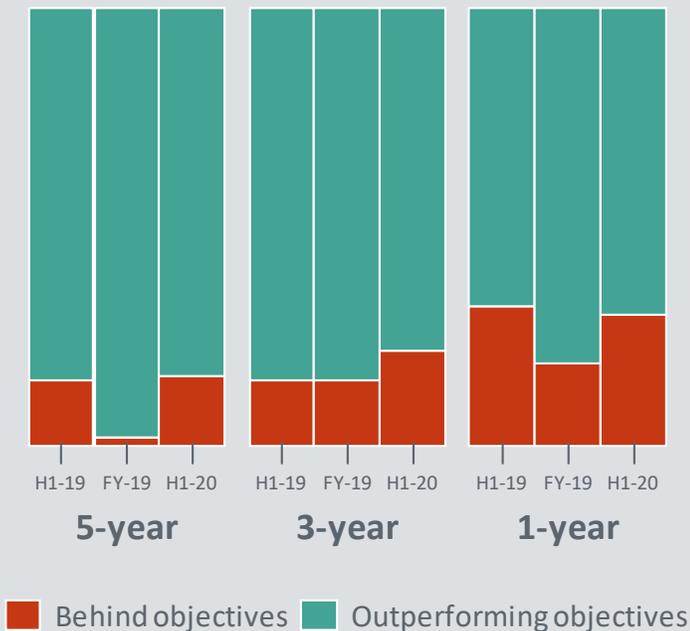
¹. e.g. increased registration for digital platforms; encouraged use of self-service; launched a new digital upload tool to simplify and speed-up payment, withdrawals and bereavement processes; launched a signatureless process for advisor to increase their productivity working remotely

Investment performance is key to the success of our business

Solid performance for PruFund and Institutional, weaker in Retail

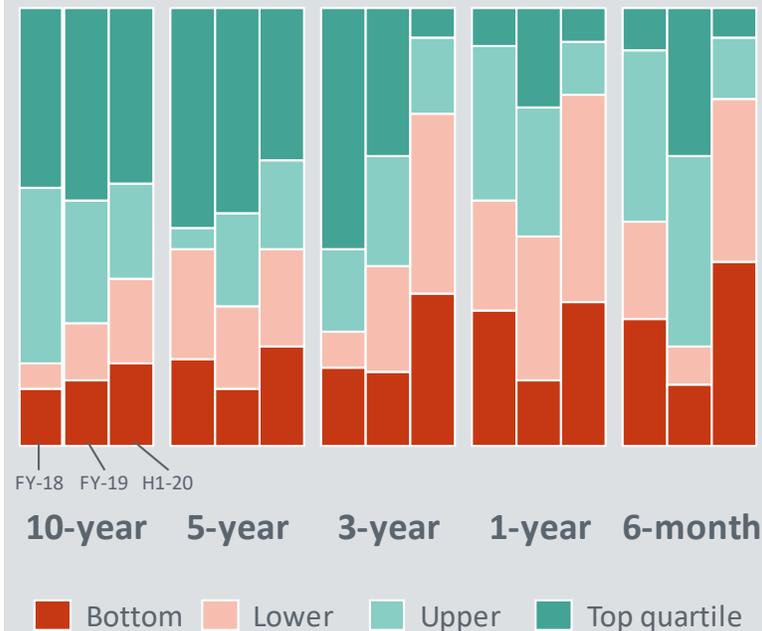
Institutional Asset Mgmt.

Segregated and pooled mandates performance as of June-19, December-19 and June-20 (as % of revenues)¹



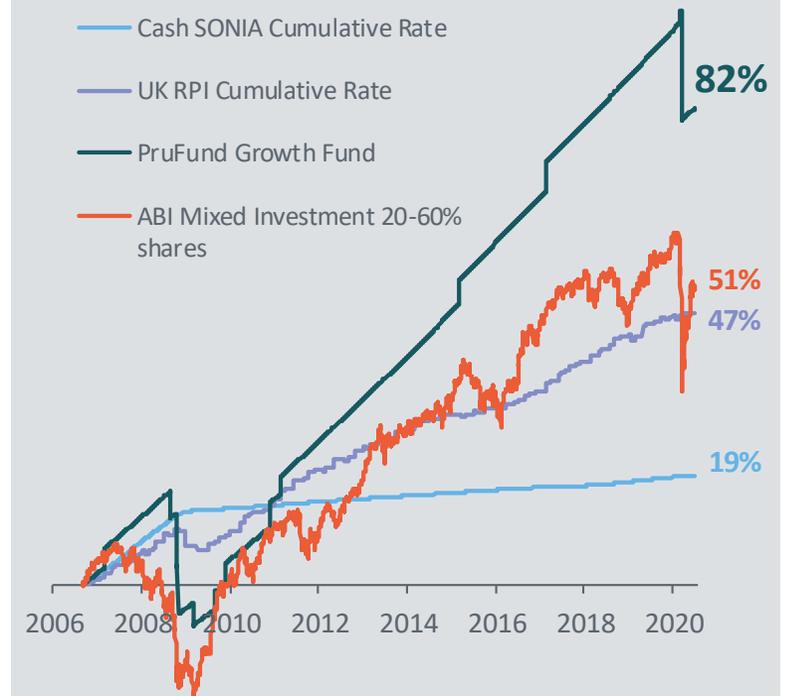
Retail Asset Mgmt.

Mutual funds performance as of December-18, December-19 and June-20 (as % of AuM)²



PruFund

PruFund Growth returns after charges (% returns above capital invested)³



1. Source of data: M&G plc and respective administrators – Institutional business excludes Retail, Buy & Hold mandates, CDO's and Restructuring. Term funds that exist for a given period and are recently inception are excluded. Data is to the most recent month end valuation point. AuM is net of cross holding, in £, on a total return basis and all products are compared to the product benchmark is prescribed in the prospectus or client IMA. Funds with track records less than the specified period are excluded, as are closed funds. The information is correct at time of publication and subject to change; 2. Source: Morningstar – includes all unlisted products including OEICs, SICAV's, and Charitable funds. Funds are compared to peer groups for illustration purposes, benchmarks are prescribed in the prospectus. Funds with track records less than the specified period are excluded, as are closed funds; 3. Past performance is not a guide to future performance. The value of an investment can go down as well as up and so customers may not get back the amount they put in;

Our strategy priorities and delivery

Positioning M&G plc for sustainable growth

Our priorities communicated at FY

What we delivered in H1 despite the COVID crisis

What we are working on to deliver next

Customer & Distribution

- Broaden proposition and bring **all tax wrappers on a single digital platform**
- Begin **international distribution of PruFund** in Europe
- Offer **multi-credit solutions to clients** outsourcing portfolio management



- **Agreed Ascentric acquisition**, expanding wrapper capabilities and customer reach
- **Developed an institutional version of PruFund** to distribute it internationally
- Won **61 new institutional mandates** and 7 wholesale solutions mandates



- Begin to **integrate Ascentric into existing proposition** and expand own offering
- **Strengthen digital capabilities** and shift towards more flexible ways of working
- Accelerate **ESG integration** into existing proposition and develop new funds

Investments

- Continue to design high value-add, **customer focused solutions**
- Drive innovation through the **asset owner asset manager relationship**
- **Deploy private asset sourcing staff** in Asia and the US



- **In-housed £6bn of Asian Equities**, and opened the Chicago office
- Partnered with the Life Fund to **seed new ESG bond fund**
- **Raised over £1bn in new Private Asset funds** (Infrastructure and illiquid credit)



- **Refresh retail proposition** and mutual fund range
- Embed ESG in all investment processes, launch **new sustainable investing funds**
- Continue to **broaden international Private Asset sourcing** capacity

Revitalise the UK: Expanding reach and proposition

Building our offering to access the wealth market

Our core areas of strengths:

Market

Decumulation
and drawdown

Wrappers

Retirement
Account and Bonds

Offering

PruFund, PruFolio
and M&G OEICS

What **ascentric** brings us:

- 1** Greater **value chain integration** ... ensuring consistency of customer and adviser experience
- 2** **Multi-wrapper digital capabilities** ... addressing needs of customers in accumulation and decumulation
- 3** **Model portfolio capabilities** ... creating a new route to market for our investment capabilities

Current focus

BROADEN REACH
delivering a multi-wrapper
single digital experience
to advisers across
platforms



Grow share of wallet from existing adviser base



Attract new advisers with full platform offering

BUILD PROPOSITION
leveraging existing
Sustainable Investing and Asset Allocation
capabilities



Increase **access to customers in accumulation**



Appeal to affluent customers with complex needs

Grow Europe: Three priorities to capitalise on existing strengths

Leveraging established relationships and investment proposition

Areas of strength

- 1** **Unique With-Profits offering** in strong demand from European partners
- 2** **Breadth of investment and asset allocation capabilities**, and strength of wholesaler relationships
- 3** **Depth of expertise and track record** in serving institutional clients

Accelerating growth

- Structure PruFund proposition within a **flexible Lux SICAV fund solution**
 - Take to European **wholesale clients across multiple countries**
-
- Develop **customised solutions** in partnership with key wholesalers, leveraging the same approach we successfully use with institutional clients
 - **Client inspired innovation** to deliver strategies that meet customer needs
-
- **Growth area** in Europe (and Asia) where retail asset mgmt. is more challenged
 - Develop **insurance solutions** for Insurers' balance sheet assets

Current focus



Complete **launch of PruFund** in the first two European markets



Convert strong Solutions pipeline in new mandates and onboard clients

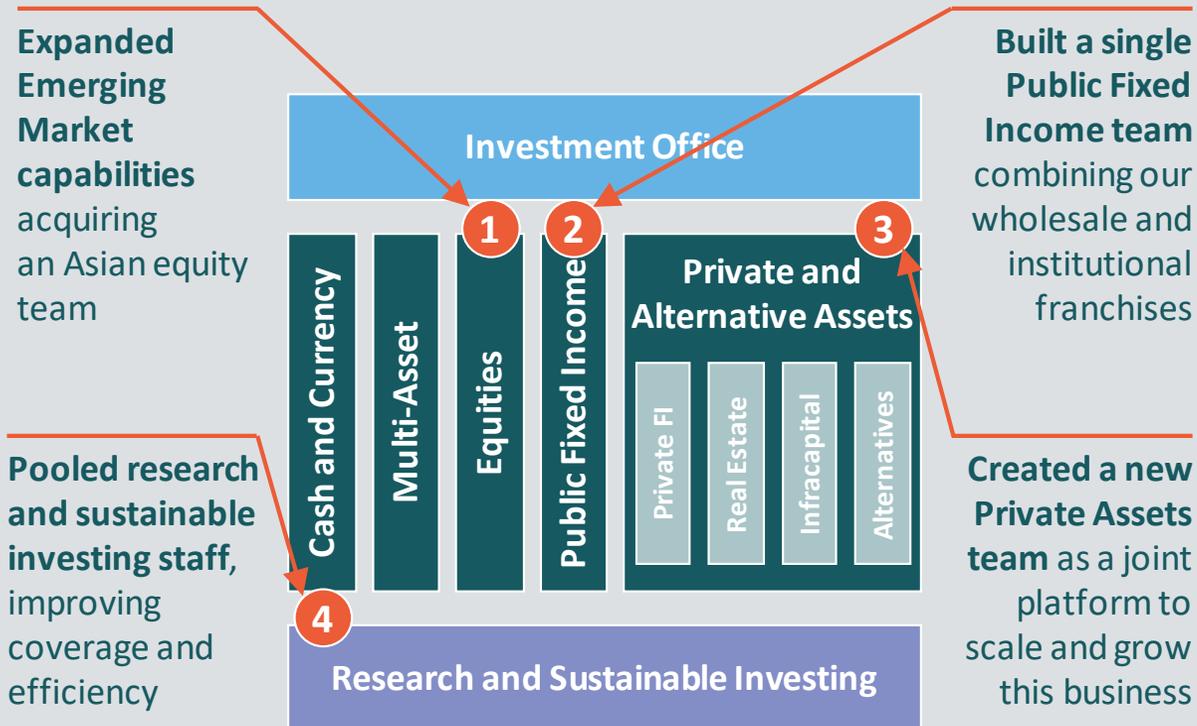


Further **internationalise reach of institutional relationships**

Build international investment expertise: An integrated capability-led team

Broadening capabilities and geographic coverage

Changes completed so far



Achievements

- 1 In-housed £6bn Asian mandates, expect £3bn more in H2
- 2 Started cross-selling EM and HY FI offering¹ to institutional clients
- 3 Increased private asset international origination capacity
- 4 Created a platform to support launch of new sustainable funds

Current focus



Complete **set-up of US office** (dealing and investment capabilities)



Launch central **Private Assets innovation** and origination teams

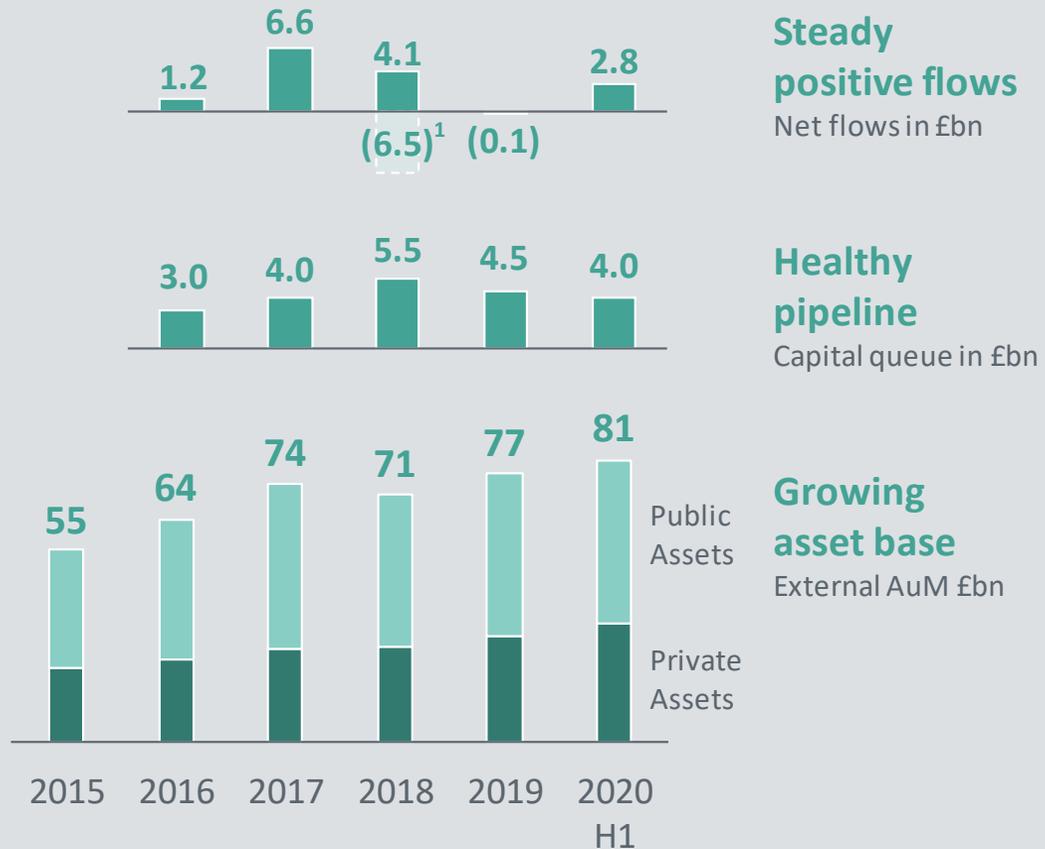


Streamline fund offering with **focus on Sustainable Investing**

Expand institutional: A successful, growing franchise

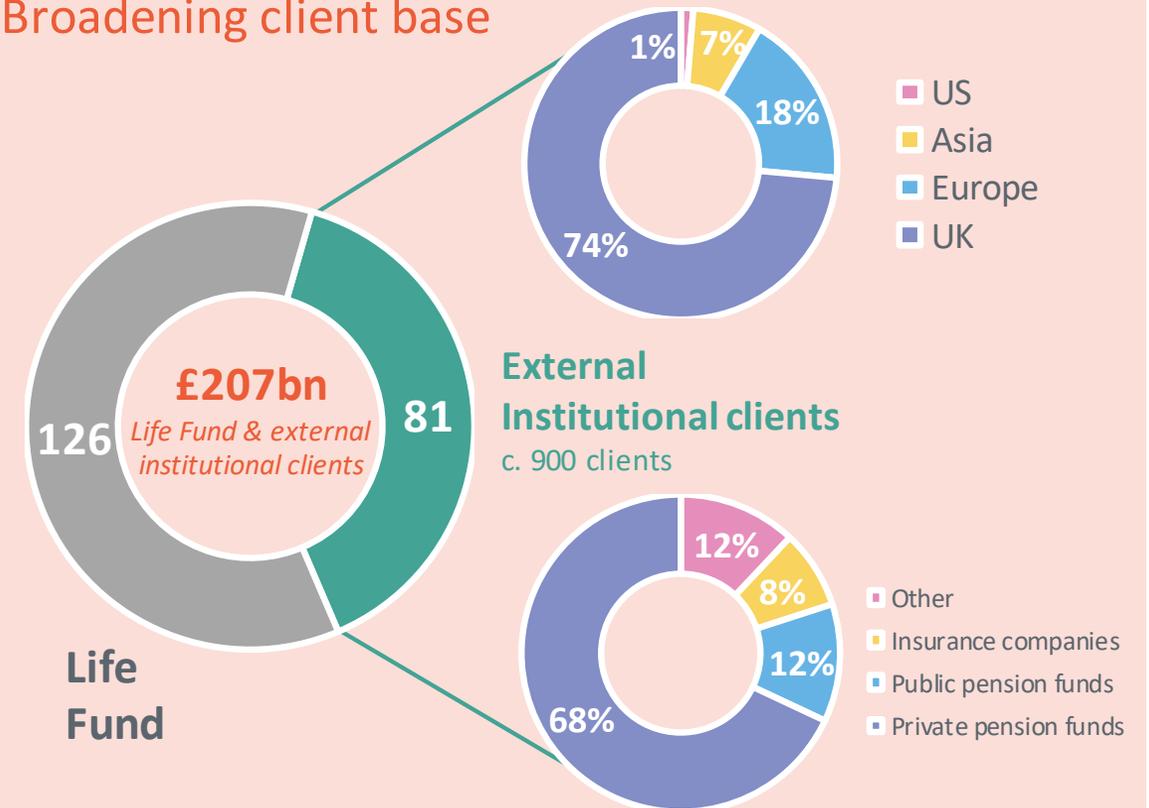
Currently focused on the UK market and Private Pension funds

External institutional clients



1. Outflow of one particular £6.5bn low-margin Institutional mandate as referred to in Prudential plc's Full Year 2018 results

Current focus: Broadening client base



Key messages

Relentless delivery
despite challenges
from Covid-19

Resilient Operations

**Innovative
and flexible**
ways of
working

Steady **progress on**
£145m cost savings
from transformation

Diversified and resilient
business mix and
sources of earnings

Robust Financials

Strong and
high-quality
balance sheet

Significant liquidity
covering well over
1 year outgoings¹

**£2.2bn total capital
generation** for the
2020-22 period

Ambitious Targets

**Broaden
capabilities** in
investment &
distribution

Business growth
at home and
internationally

1. Including debt finance cost, dividend payments, and Head Office expenses



Financial Review

Clare Bousfield, Chief Financial Officer

Financial highlights

Positive performance in a challenging market

AUMA

£339bn

- 4% decline in AUMA vs. 2019 closing of £352bn
- Market and other movements impact was £(5)bn due to current crisis
- Net flows in Savings & Asset Management £(4.1)bn driven by net clients outflows in Retail Asset Management. Net inflows in Institutional, and Retail Savings

Adjusted Operating Profit

£309m

- Lower contribution from Savings & Asset Mgmt. segment, £162m vs. £262m
- Expected Heritage reduction, £298m vs. £476m, as H1 2019 included £127m longevity and other positive one-offs
- Planned build of Corporate Centre costs (including debt interest) of £151m vs. £24m in H1 2019

Total Capital Generation

£(202)m

- £539m Operating Capital Generation down from £764m mainly due to expected demerger effects, i.e. increase in debt interest and head office costs and longevity release in H1 2019
- £(741)m Non-operating Capital Generation vs. £166m largely reflecting the adverse market movements in H1 2020

Shareholder Solvency II ratio

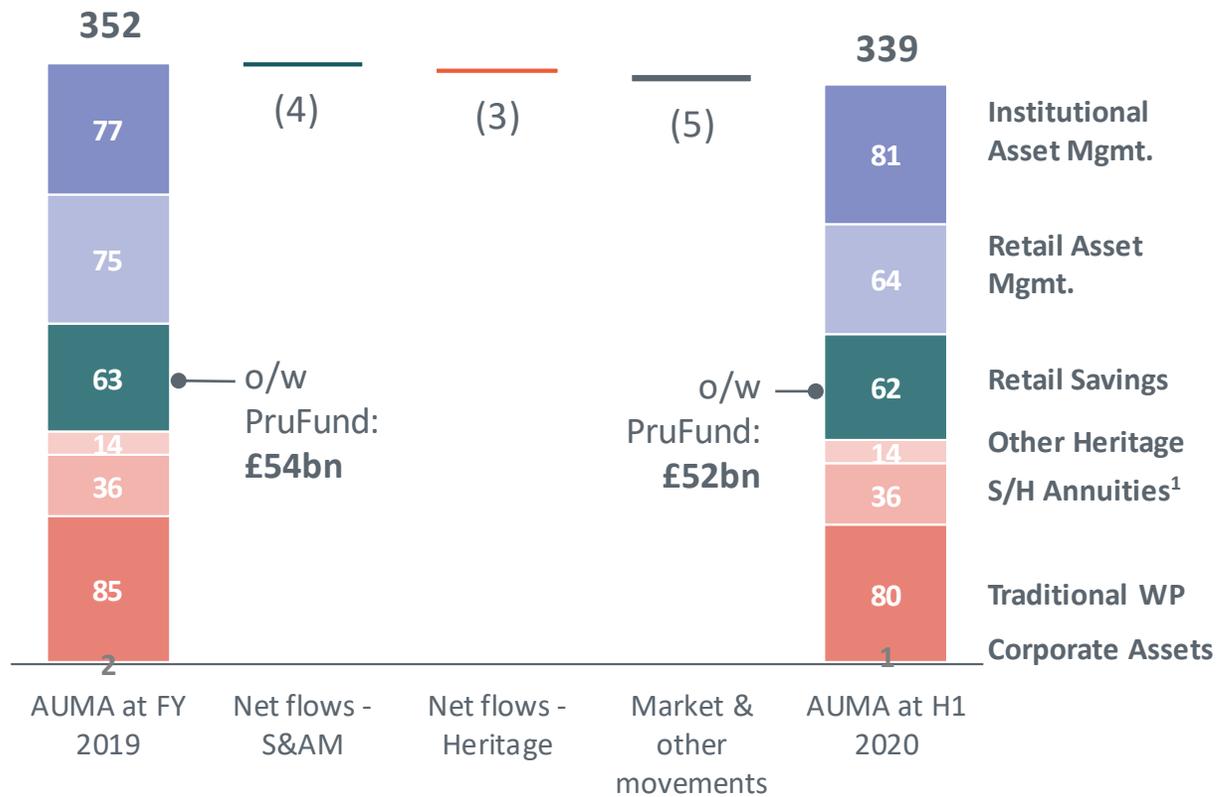
164%

- £9.9bn Own Funds¹ and £6.0bn capital requirements
- Down from 176% at end 2019
- Reflects negative market movements of £614m and £410m of dividends paid to shareholders

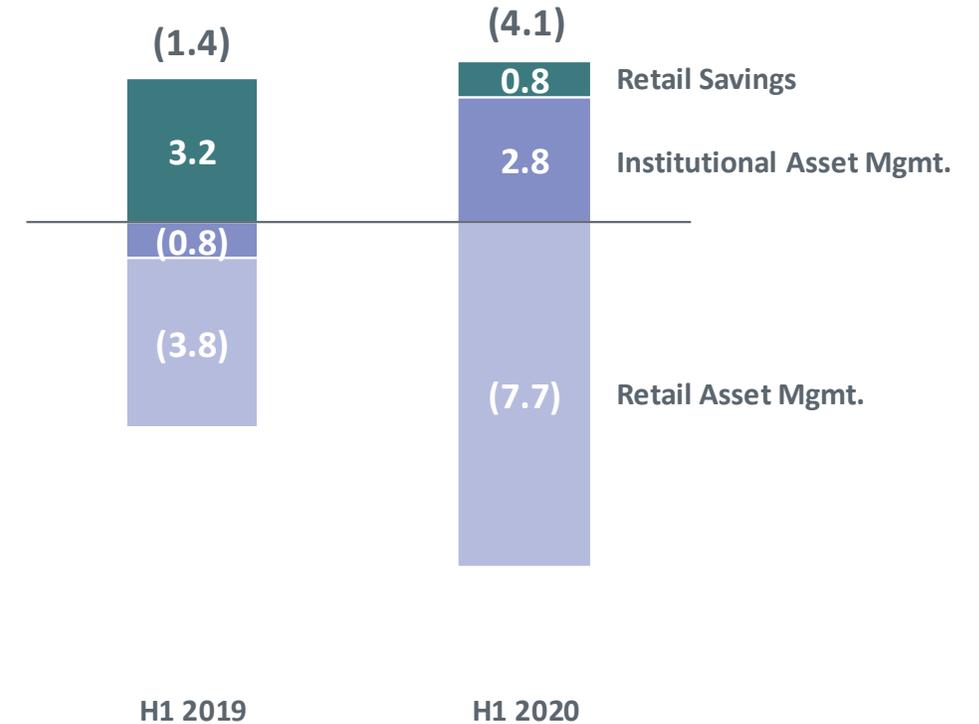
1. Before interim dividend, which was approved by the Board after 30 June 2020.

Net client flows and AUMA

Movement in AUMA £bn



Savings & Asset Management net client flows £bn



1. Includes £11 billion of AUMA that for accounting purposes are no longer classified as Held for Sale.

Adjusted Operating Profit by source

£m		H1 2019	H1 2020	YoY%
Savings & Asset Management	Asset Management	216	163	(24)%
	With-Profits (PruFund ¹)	29	24	(17)%
	Other	17	(25)	n.m.
	Total Savings & Asset Management	262	162	(38)%
Heritage	With-Profits	97	110	+13%
	Shareholder Annuities & Other	379	188	(50)%
	Total Heritage	476	298	(37)%
Corporate Centre	Debt Interest	-	(79)	n.m.
	Head Office	(24)	(72)	n.m.
	Corporate Centre	(24)	(151)	n.m.
Adjusted Operating Profit		714	309	(57)%

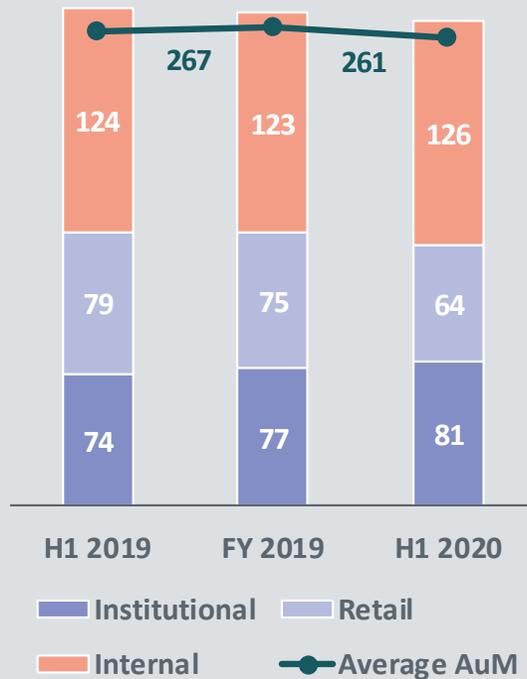
1. Includes an amount of PruFund predecessor unitised With-Profits contracts.

Sources of earnings

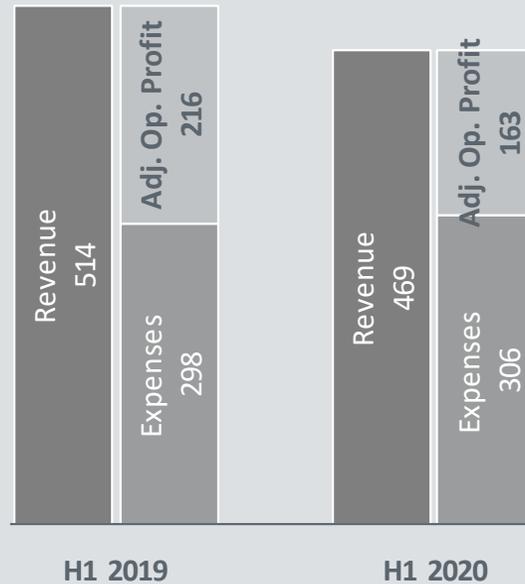
Asset Management

Savings & Asset Management

AuM (£bn)



Profitability¹ (£m)

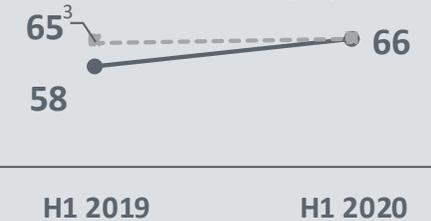


Key ratios

Average fee margin² (bps)



Cost / Income ratio (%)



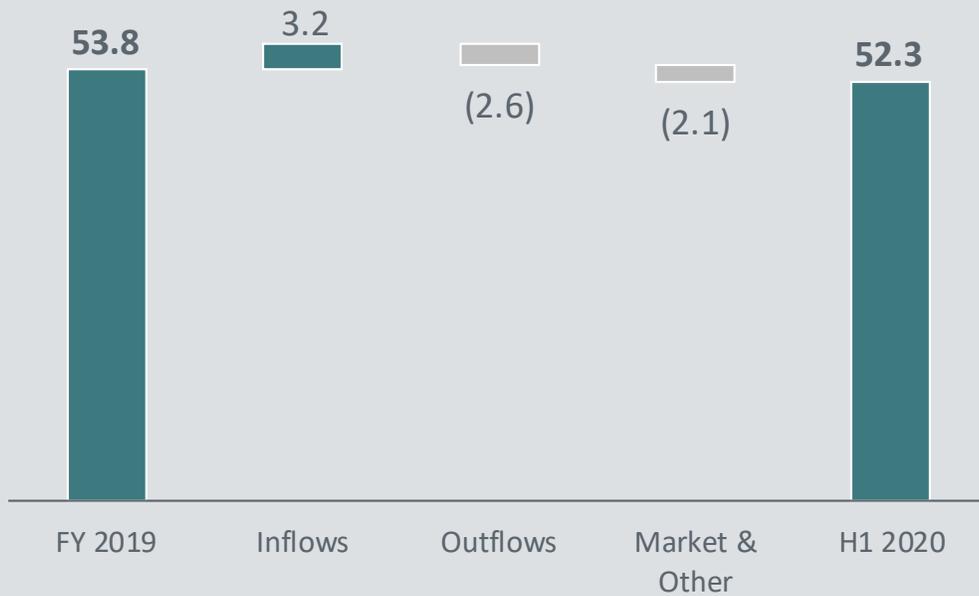
1. Adjusted Operating Profit, excluding share of associate profit and investment income. 2. Fee margin calculated as fee based Adjusted Operating Income over monthly average AuM – Excludes Performance fees of £3m in both H1 2019 and H1 2020 – Includes fees on Prudential Assurance Company internal assets managed by M&G. 3. Cost Income Ratio excluding £35m one-off benefit related to changes to staff DB pension schemes in H1 2019.

Sources of earnings

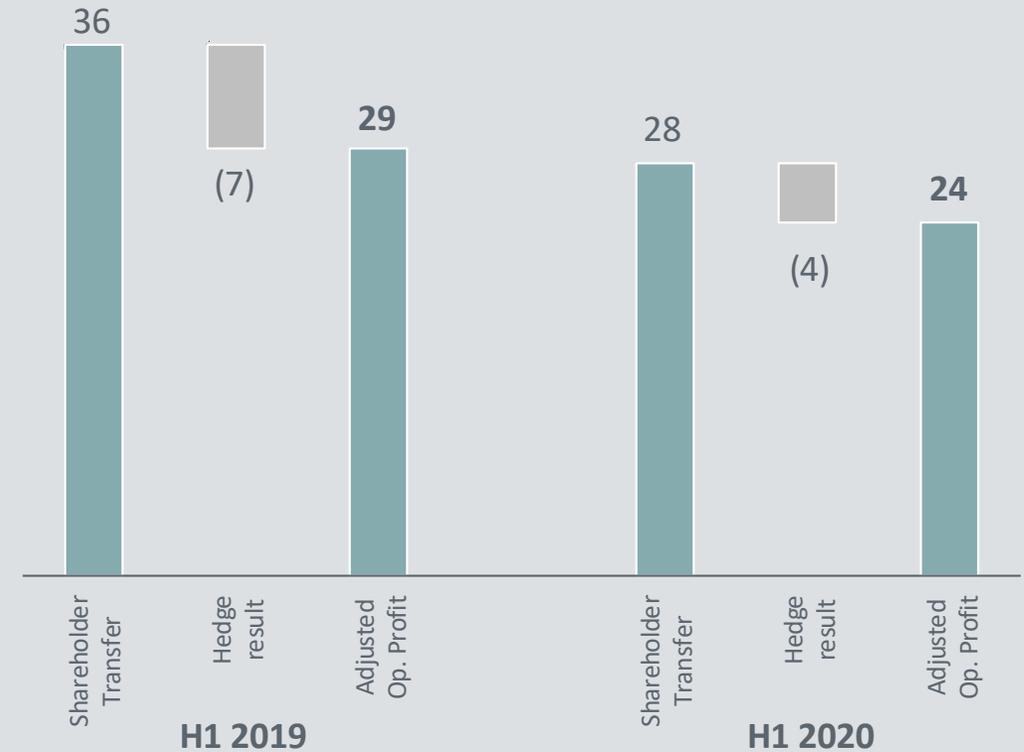
With-Profits / PruFund

Savings & Asset Management

PruFund AUMA (£bn)



Adjusted Operating Profit (£m)¹



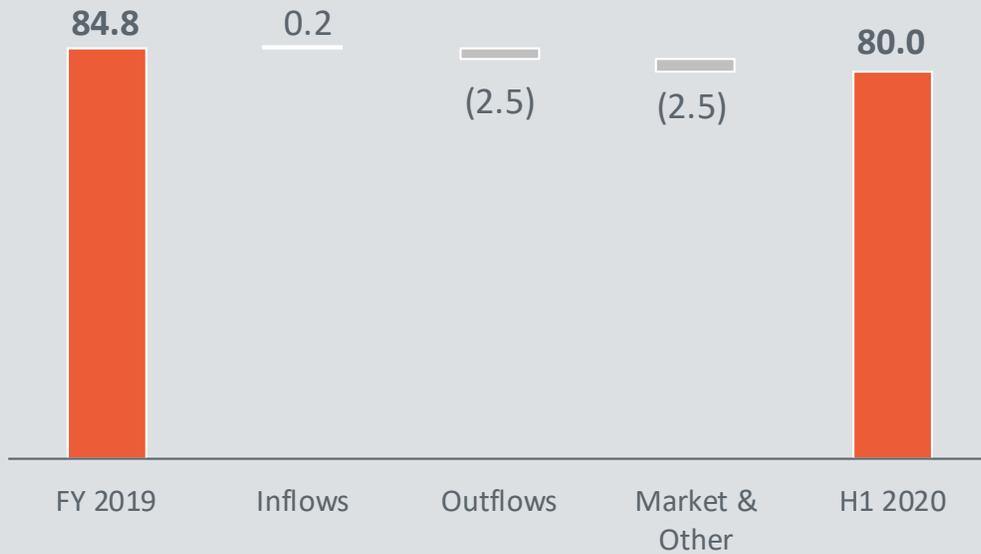
1. Shareholder Transfer includes PruFund and a small amount of PruFund predecessor unitised With-Profits contracts.

Sources of earnings

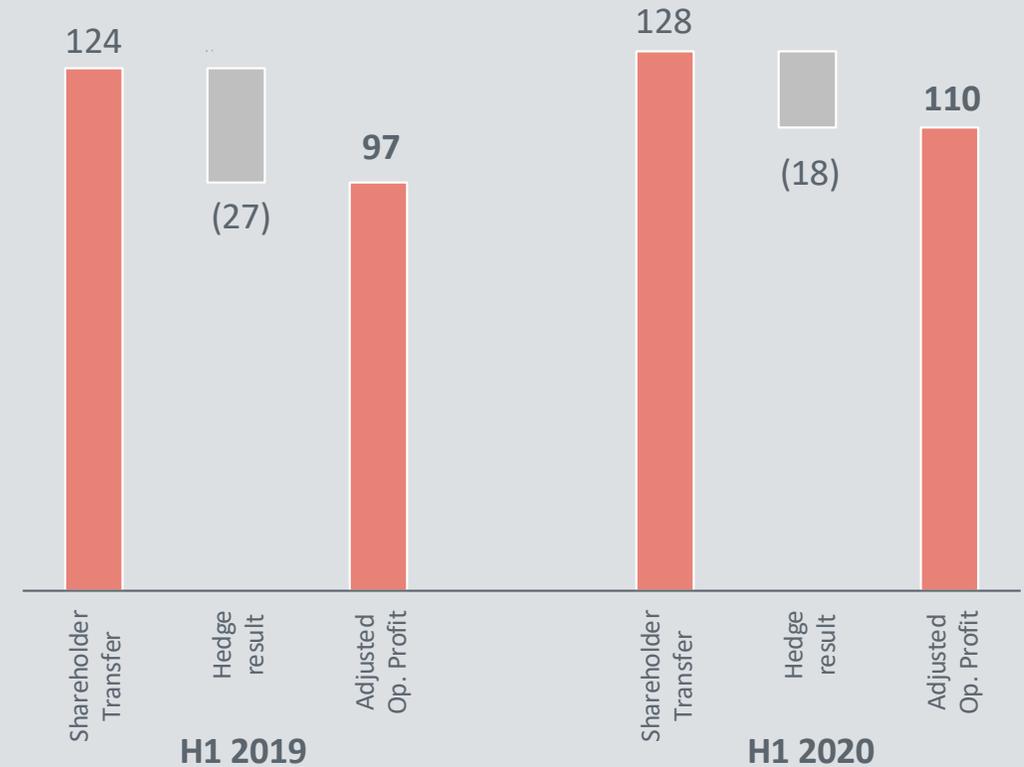
Traditional With-Profits

Heritage

Traditional WP AUMA (£bn)



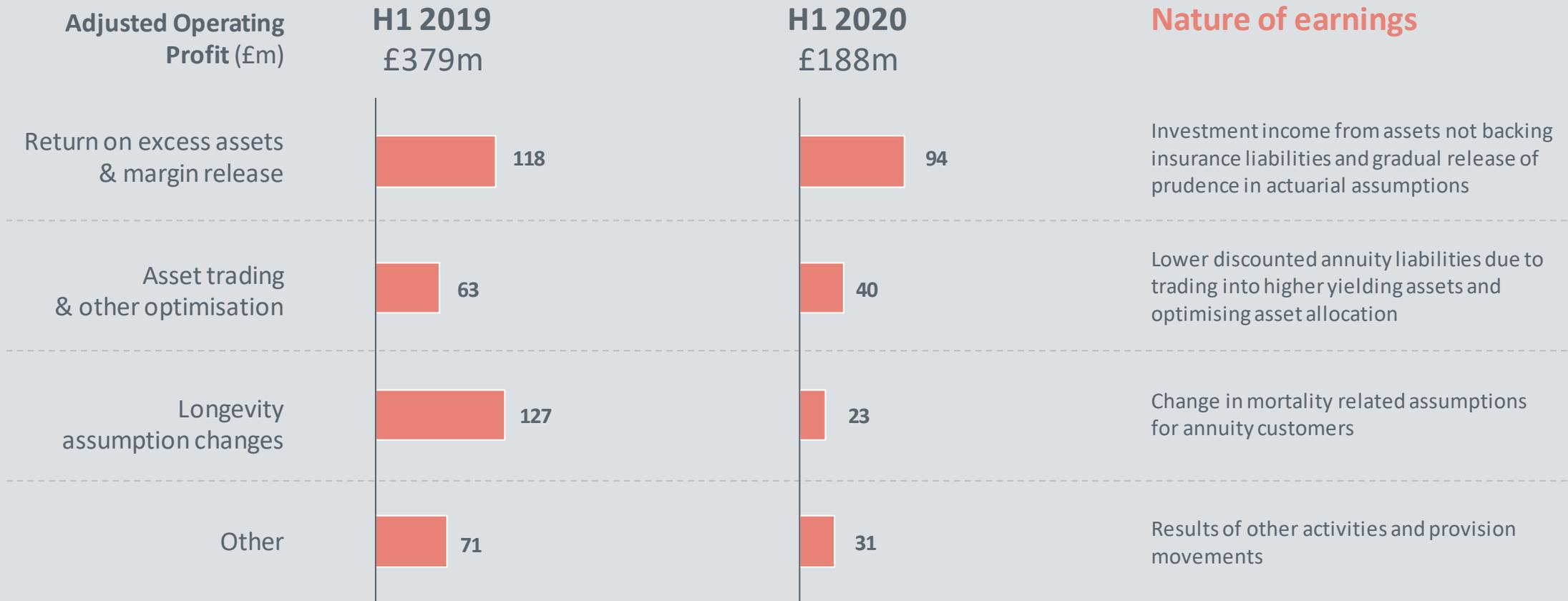
Adjusted Operating Profit (£m)



Sources of earnings

Shareholder Annuities & Other

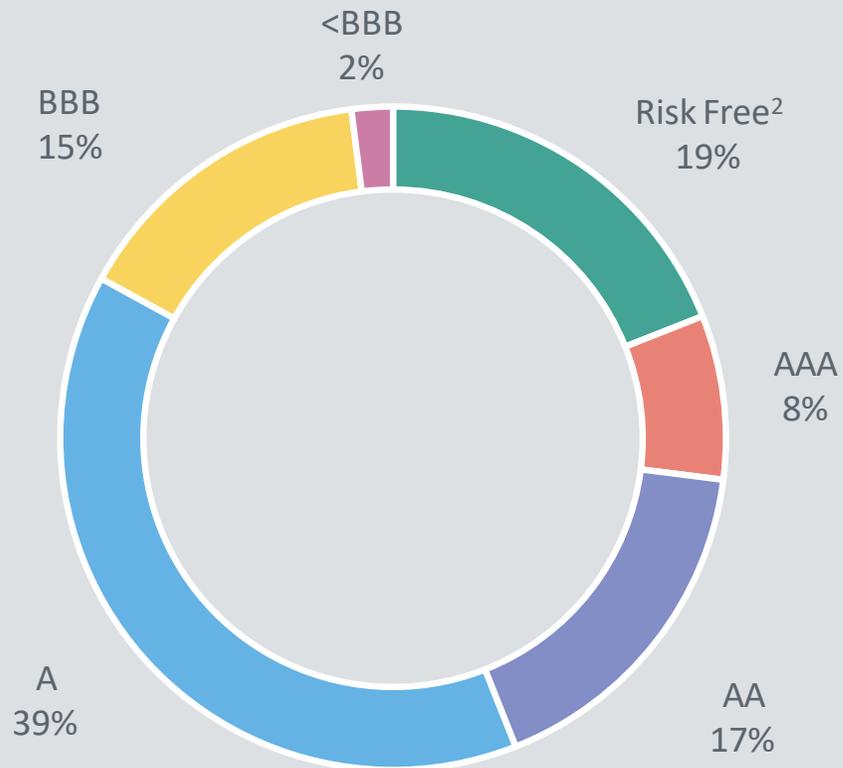
Heritage



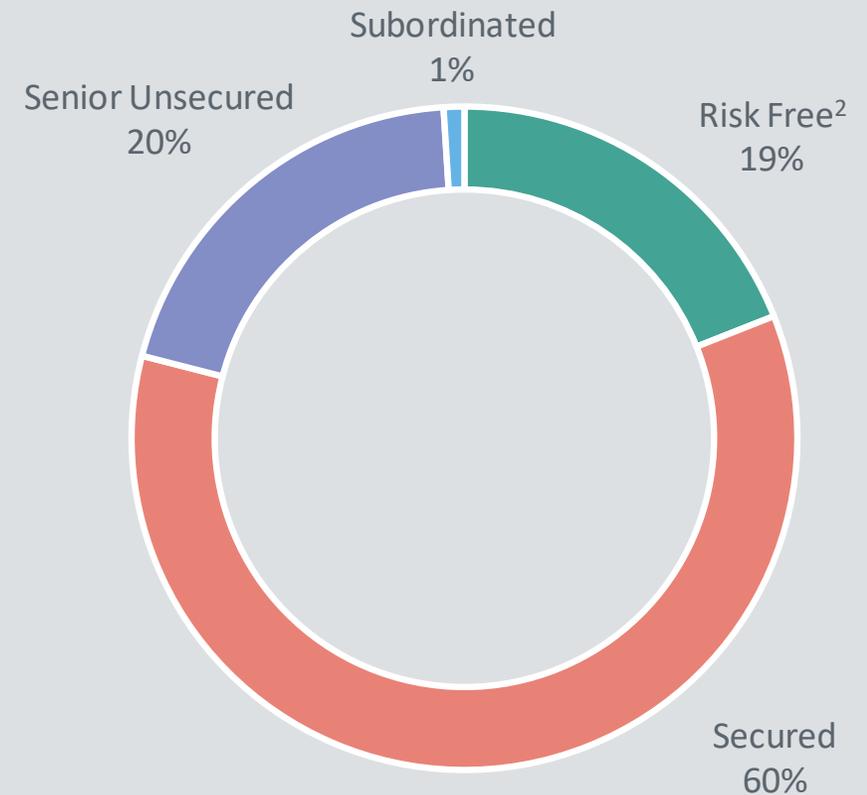
Shareholder Annuity book – Credit quality

£23bn¹: 98% investment grade, no defaults to date

Breakdown by rating



Breakdown by capital ranking



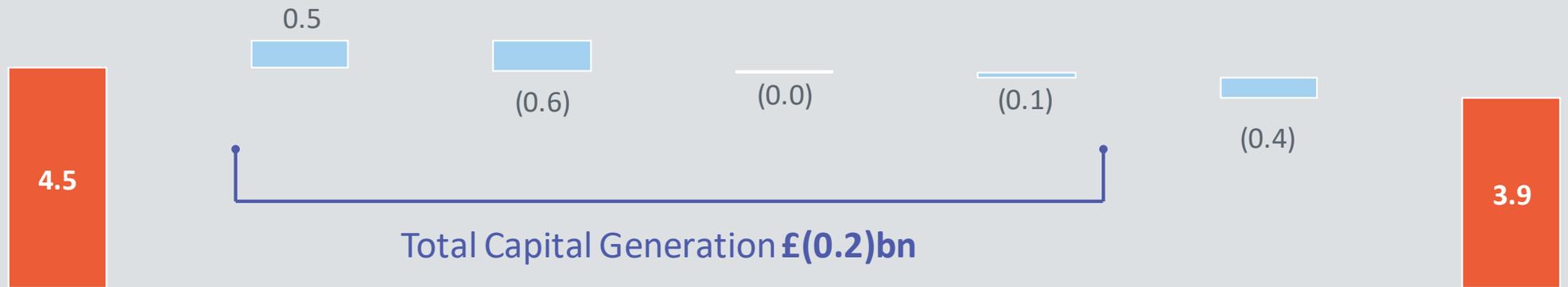
1. Front office data. Cash and cash equivalents, derivatives and junior notes/property residual values have been excluded from this analysis. All data as at 30 June 2020

2. Risk Free category includes securities which are classified as “credit capital exempt” in the internal capital modelling, primarily UK government / guaranteed and supranational debt.

Capital Generation

H1 2020 Total Capital Generation

Shareholder Solvency II surplus, £bn

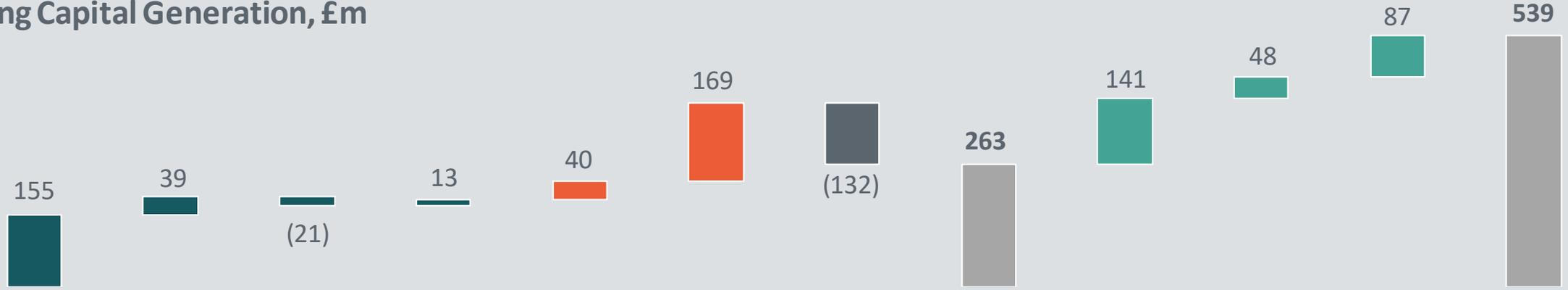


£bn	FY 2019	Operating Capital Generation	Market movements	Other movements	Tax	Dividends & capital movements	H1 2020
Own Funds	10.3	0.4	(0.3)	(0.0)	(0.1)	(0.4)	9.9
SCR	5.8	(0.1)	0.3	0.0	(0.0)	0.0	6.0
Surplus	4.5	0.5	(0.6)	(0.0)	(0.1)	(0.4)	3.9
SII Ratio	176%						164%

Sources of Operating Capital Generation

H1 2020: £0.5bn pre-tax

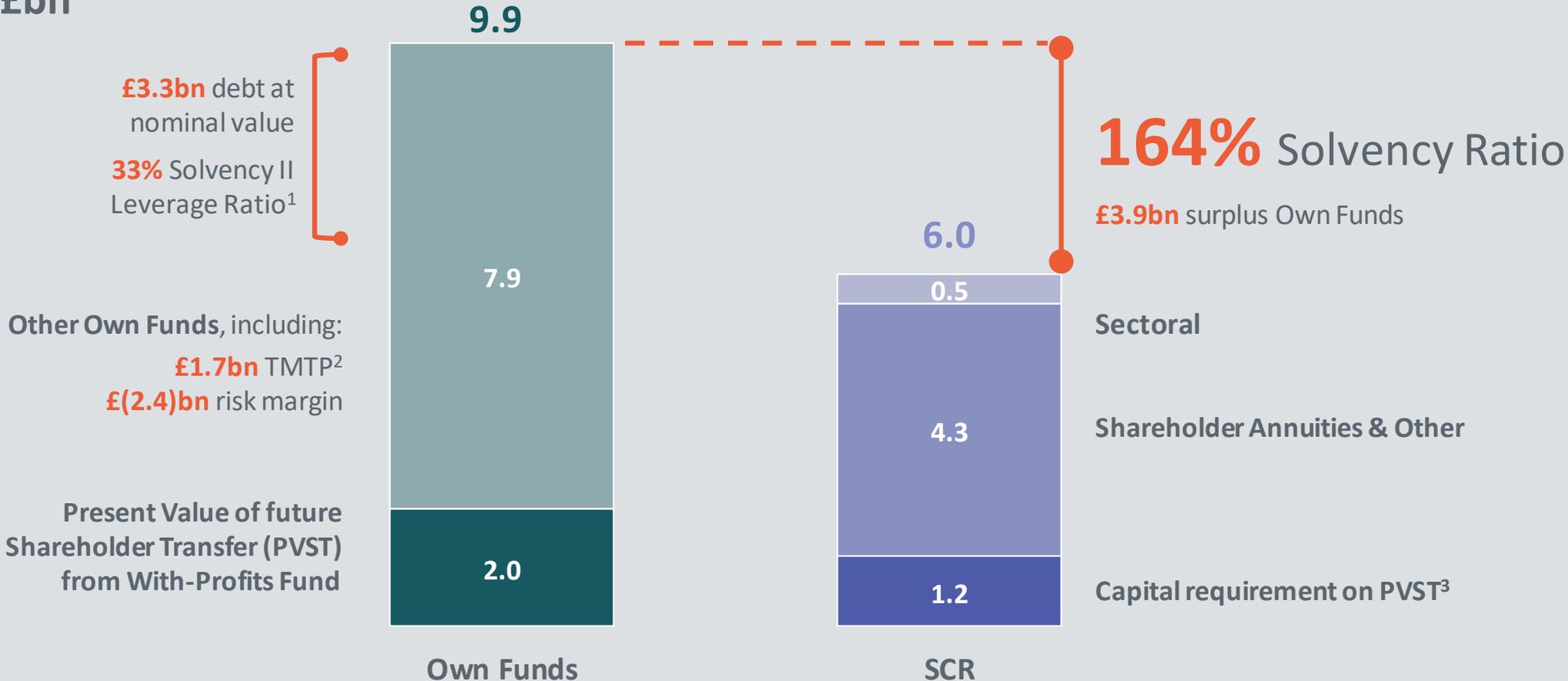
Operating Capital Generation, £m



£m	Savings & Asset Management Underlying Capital Generation				Heritage Underlying Capital Generation		Corporate Centre Underlying Capital Generation	Total Underlying Capital Generation	Other Operating Capital Generation			Total Operating Capital Generation
	Asset Management	With-Profits in-force	With-Profits new bus.	Other	With-Profits	S/H Ann. & Other			Asset trading, optimisation and hedging	Longevity	Other	
H1 2020	155	39	(21)	13	40	169	(132)	263	141	48	87	539
H1 2019	216	37	(33)	23	18	204	(23)	442	149	98	75	764
Var	(61)	1	12	(10)	22	(36)	(109)	(180)	(8)	(50)	12	(221)

Shareholder Solvency II coverage ratio

H1 2020, £bn



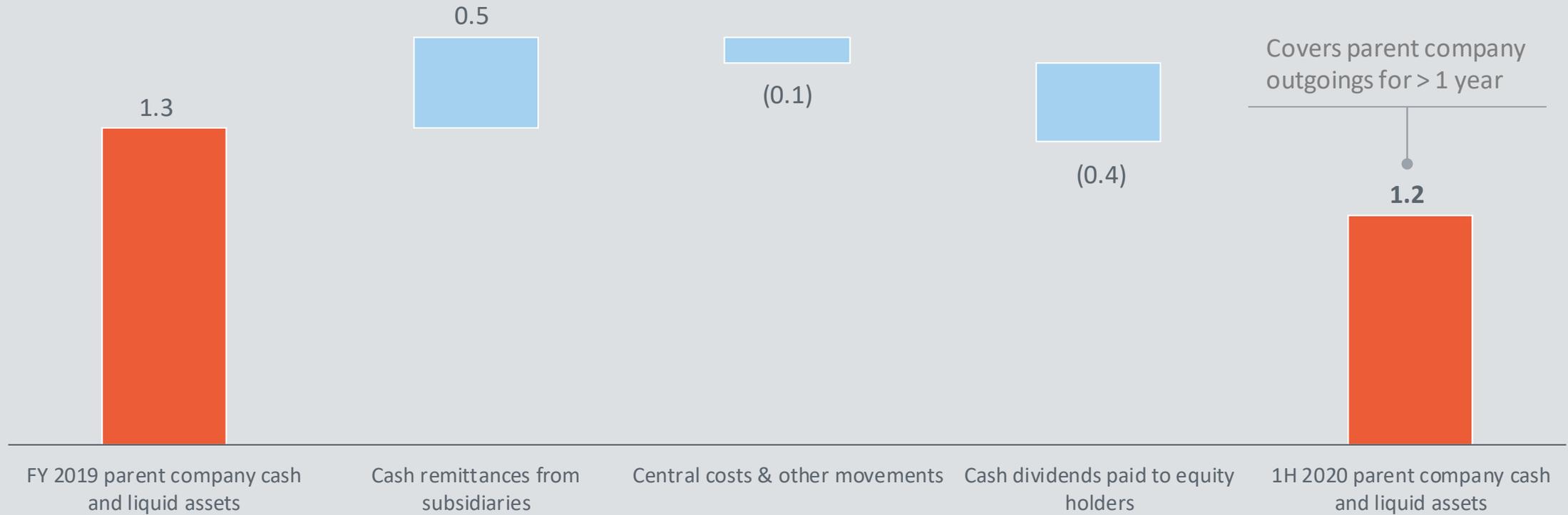
1. Calculated as nominal value of debt as % of total Group Shareholder Own Funds.
2. Transitional Measures on Technical Provisions. 3. Net of hedging.

Parent company liquidity

1H 2020 cash and liquid assets at £1.2bn

Parent company cash and liquid assets

H1 2020, £bn



Sources of earnings – Expected development¹

Key medium term drivers of Adjusted Operating Profit

Savings & Asset Management

Asset Management

- **Institutional:** Expect continued good momentum, with positive flows and resilient revenue margins
- **Retail:** Ongoing work to revitalise the proposition and turn flows around. Revenue margins under pressure due to industry trends and necessary action on fees.

With-Profits

- **Positive net client flows** expected in UK. Aiming for first inflows from Europe in coming months.
- **Adjusted operating profit** expected to rise as book grows and matures. Possible short term volatility in shareholder transfers (up or down) depending particularly on equity market, mitigated by hedges in place (see appendix)

Other

- Result from minor other businesses (including Prudential international branches) and service companies
- Expected to remain small in Group context

Heritage

With-Profits

- **Shareholder transfers** expected to remain stable short / medium term in normal market conditions
- **Hedge result** helps mitigate equity market risk (see appendix)

Shareholder Annuities & other

- **Return on excess assets and margin release** expected to be lower in 2020, due to sales of assets to fund payment of special dividend up to M&G plc at end 2019
- **Annuity asset trading** expected to remain positive, but at lower levels than previous years
- **Longevity** assumptions to be reviewed in 2H 2020

Corporate Centre

Head Office expense

- Expenses expected to be in the range of £80-100m p.a.
- Small amount of investment income on assets at holding company

Finance cost

- Coupons on debt amount to c. £190m² p.a.
- Impact (positive) of c. £30-35m² p.a. amortisation of fair value premium

1. Assumes no abnormal developments in financial markets, major regulatory changes, or other unexpected external developments.

2. Specific amount in each period depending on USD / GBP exchange rate

Priorities for H2 2020

Business growth



- Delivering PruFund to Europe while maintaining UK momentum
- Continue building Institutional Asset Management franchise
- Ongoing work to revitalise the Retail asset management proposition

Transformation programme



- Continue to improve customer experience
- Deliver a more modern, efficient and scalable operating model
- Leverage new ways of working

Capital management



- Continue to deliver capital optimisation
- Develop initiatives to leverage strength of the With-Profits fund
- “Stable or increasing” dividend policy maintained – dividends not expected to increase until crisis over

Deliver attractive and sustainable shareholder returns
Target 2020-2022 Capital Generation of £2.2bn



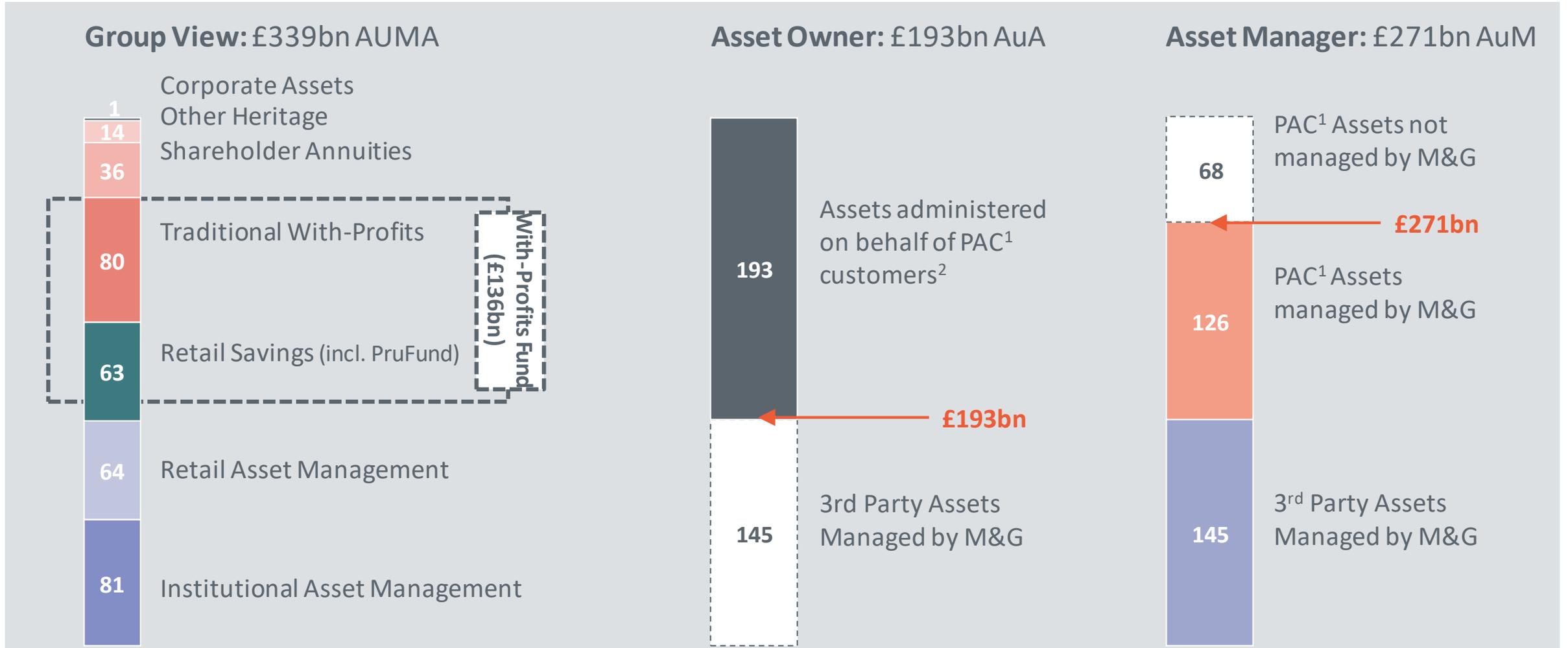


Appendix

Additional financial information

Our asset base

We are an Asset Owner and an Asset Manager



1. Prudential Assurance Company.

2. Includes Corporate Assets and Other Assets Under Administration.

Asset under Management and Administration

£bn		FY 2018	Inflows	Outflows	Net client flows	Market / Other	H1 2019	FY 2019	Inflows	Outflows	Net client flows	Market / Other	H1 2020
Savings & Asset Management	Institutional Asset Management	70.5	5.0	(5.8)	(0.8)	4.7	74.4	76.8	6.5	(3.7)	2.8	1.6	81.2
	Retail Asset Management	76.4	12.8 ¹	(16.6) ¹	(3.8)	6.0	78.6	74.9	8.4	(16.1)	(7.7)	(3.0)	64.2
	Retail Savings	50.6	5.4	(2.2)	3.2	3.5	57.3	63.5	3.8	(3.0)	0.8	(2.5)	61.8
	- of which: PruFund	43.0	5.5	(2.0)	3.5	3.1	49.6	53.8	3.2	(2.6)	0.6	(2.1)	52.3
	Other	0.2	0.0	0.0	0.0	(0.1)	0.1	0.7	0.0	0.0	0.0	0.1	0.8
	Total Savings & Asset Management	197.7	23.2	(24.6)	(1.4)	14.1	210.4	215.9	18.7	(22.8)	(4.1)	(3.8)	208.0
Heritage	Traditional With-Profits	84.6	0.4	(2.8)	(2.4)	8.4	90.6	84.8	0.2	(2.5)	(2.3)	(2.5)	80.0
	Shareholder Annuities	24.9	(0.3)	(0.1)	(0.4)	1.1	25.6	35.5	0.0	(0.9)	(0.9)	1.2	35.8
	Other	14.0	(0.1)	(0.2)	(0.3)	0.8	14.5	13.7	0.0	(0.1)	(0.1)	0.0	13.6
	Total Heritage	123.5	0.0	(3.1)	(3.1)	10.3	130.7	134.0	0.2	(3.5)	(3.3)	(1.3)	129.4
Corporate Assets	0.0	0.0	0.0	0.0	0.0	0.0	1.6	0.0	0.0	0.0	(0.3)	1.3	
Group Total	321.2	23.2	(27.7)	(4.5)	24.4	341.1	351.5	18.9	(26.3)	(7.4)	(5.4)	338.7	

1. About £3bn of the gross inflows and gross outflows in Retail Asset Management were in relation to the establishment of the Luxembourg SICAV fund range, in which the Spanish Traspasos regime was used to migrate non-Sterling assets from OEICS to newly created SICAVs, and due to the reregistration of assets as a result of M&A in the GFI (Global Financial Institutions) space.

AUMA by asset class

H1 2020

£bn	On-balance sheet AUMA					External AuM			Total AUMA
	With-Profits	Unit linked	S/H Annuity & other shareholder	Corporate Assets	Total on-balance sheet	Retail	Institutional	Total external	
Equities	50	11	0	0	61	25	3	28	89
Public fixed income	41	3	20	0	64	35	44	79	143
- of which Government	6	1	5	0	12	16	21	37	49
- of which Corporate	35	2	15	0	52	19	23	42	94
Private fixed income	5	0	3	0	8	1	17	18	26
Real estate	9	0	2	0	11	2	12	14	25
Alternatives	8	0	0	0	8	0	4	4	12
Other	23	1	14 ¹	2 ²	40	1	1	2	42
Total	136	15	39	2	192	64	81	145	337
Other Assets Under Administration									2
Total Asset Under Management and Administration									339

1. Includes £11bn of reinsurance asset, £2bn of deposits with credit institutions and £0.4bn of cash and cash equivalents 2.Includes £1bn of cash and cash equivalents.

Limited exposure to Investment Risk

Shareholder Annuity, Corporate Assets and Other FY2019: £30bn + £11bn

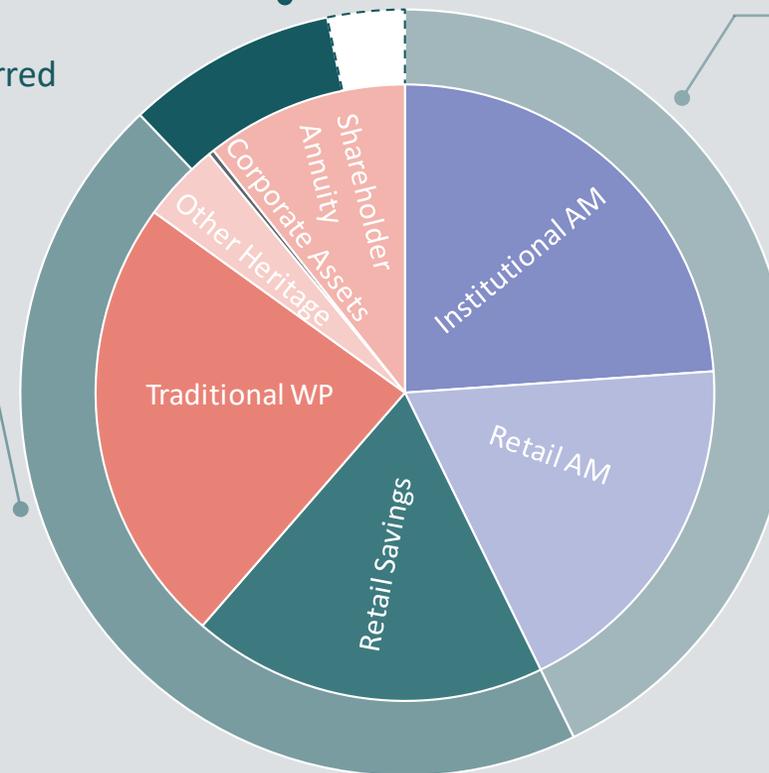
- o/w £30bn Investment risk fully borne by shareholders
- o/w £11bn Reinsurance assets backing liabilities transferred to Rothesay

With-Profit Fund, Unit Linked and Other Retail Savings FY2019: £153bn

- Limited investment risk borne by shareholders in relation to the shareholder transfers from the With-Profit Fund
- Investment risk within the With-Profit fund largely borne by policyholders¹
- Investment risk within Unit-Linked fully borne by policyholders

Asset Management FY2019: £145bn

- Off-balance sheet assets, no exposure to investment risk



1. Shareholder support may be required in extreme circumstances where the fund has insufficient resources to support the risk.

Retail Asset Management

Largest SICAV and OEIC mutual funds

				AuM and Flows in £bn					
RANK by AuM	PRODUCT	ASSET CLASS	FUND	YE 2019	SALE	REDEMPTION	NET FLOWS	MARKET/ OTHER	H1 2020
1	OEIC+SICAV	Bonds	Optimal Income	20.4	2.3	6.6	(4.3)	(0.1)	16.2
2	OEIC+SICAV	Multi Asset	Dynamic Allocation	5.0	0.3	(1.5)	(1.2)	(0.2)	3.6
3	OEIC+SICAV	Equities	Global Dividend	4.3	0.3	(0.7)	(0.4)	(0.3)	3.6
4	OEIC+SICAV	Bond	Global Floating Rate High Yield	2.4	0.2	(0.9)	(0.7)	(0.0)	1.7
5	OEIC+SICAV	Equities	Global Themes	2.4	0.3	(0.3)	(0.0)	(0.0)	2.4
6	OEIC+SICAV	Bond	Strategic Corporate Bonds	2.4	0.2	(0.4)	(0.2)	(0.0)	2.2
7	OEIC+SICAV	Bond	Corporate Bonds	2.3	0.1	(0.3)	(0.2)	(0.0)	2.1
8	OEIC+SICAV	Multi Asset	Conservative Allocation	2.0	0.1	(0.5)	(0.4)	(0.0)	1.6
9	OEIC+SICAV	Property	Property Portfolio	1.8	-	-	-	(0.1)	1.7
10	OEIC+SICAV	Equities	European Strategic Value	1.8	0.1	(0.2)	(0.1)	(0.3)	1.4

Retail Asset Management

Largest SICAV mutual funds

				AuM and Flows in £bn					
RANK by AuM	PRODUCT	ASSET CLASS	FUND	YE 2019	SALE	REDEMPTION	NET FLOWS	MARKET/ OTHER	H1 2020
1	SICAV	Bonds	Optimal Income	17.1	2.1	(5.9)	(3.7)	0.2	13.6
2	SICAV	Multi Asset	Dynamic Allocation	5.0	0.3	(1.5)	(1.2)	(0.2)	3.6
3	SICAV	Bonds	Global Floating Rate High Yield	2.0	0.2	(0.8)	(0.6)	(0.0)	1.4
4	SICAV	Equities	Global Dividend	2.0	0.1	(0.4)	(0.3)	(0.2)	1.5
5	SICAV	Multi Asset	Conservative Allocation	2.0	0.1	(0.5)	(0.4)	(0.0)	1.6
6	SICAV	Equities	European Strategic Value	1.8	0.1	(0.2)	(0.1)	(0.3)	1.4
7	SICAV	Multi Asset	Income Allocation	1.2	0.1	(0.2)	(0.1)	(0.1)	1.0
8	SICAV	Bonds	European Corporate Bond	0.9	0.3	(0.4)	(0.2)	0.0	0.8
9	SICAV	Bonds	Emerging Markets Bond	0.8	0.3	(0.2)	0.1	0.0	0.9
10	SICAV	Bonds	Global Macro Bond	0.6	0.2	(0.2)	0.0	0.0	0.7

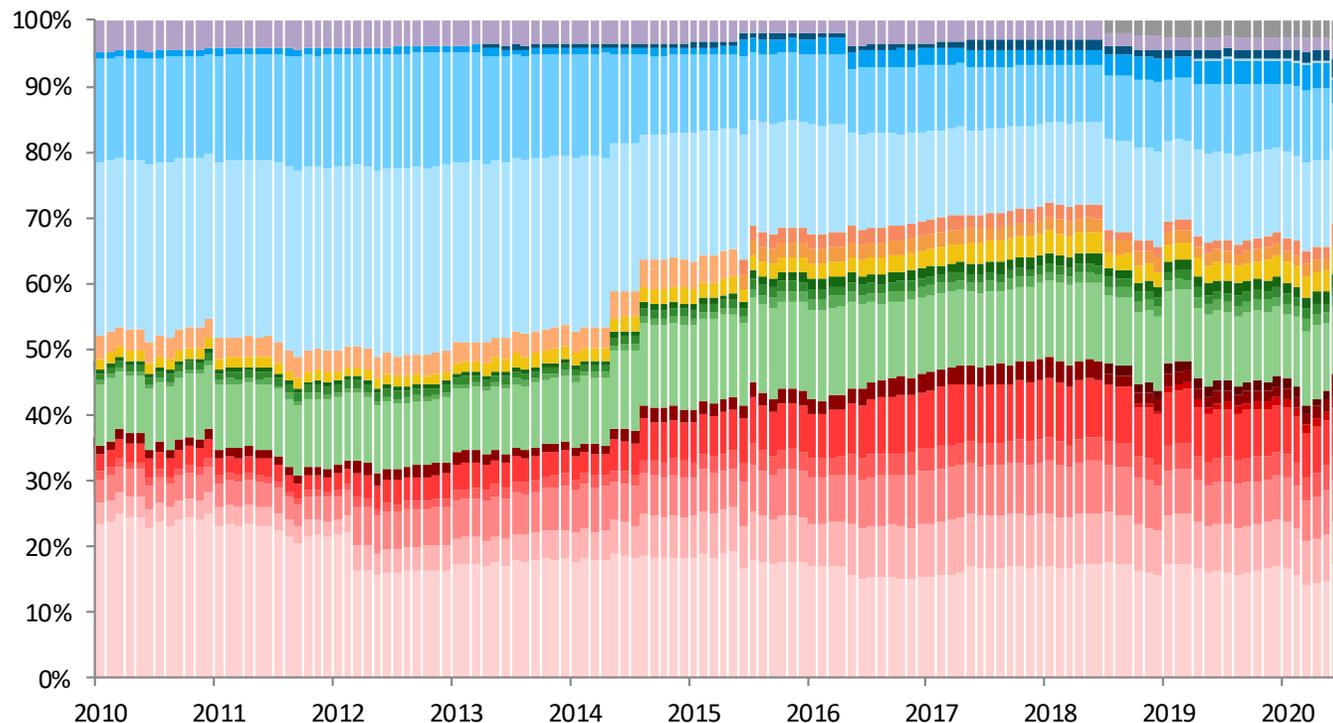
Retail Asset Management

Largest OEIC mutual funds

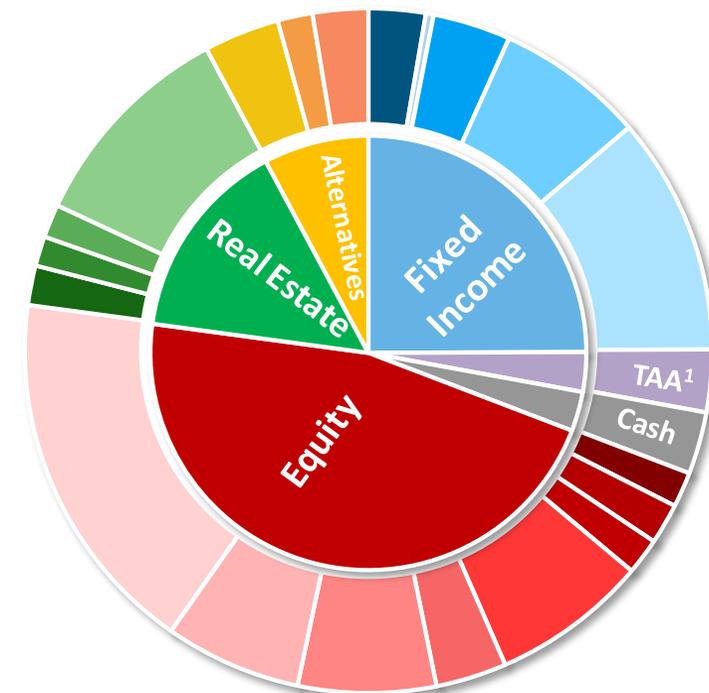
				AuM and Flows in £bn					
RANK by AuM	PRODUCT	ASSET CLASS	FUND	YE 2019	SALE	REDEMPTION	NET FLOWS	MARKET/ OTHER	H1 2020
1	OEIC	Bonds	Optimal Income	3.3	0.2	(0.7)	(0.5)	(0.1)	2.6
2	OEIC	Bonds	Strategic Corporate Bond	2.4	0.2	(0.4)	(0.2)	(0.0)	2.2
3	OEIC	Bonds	Corporate Bond	2.3	0.1	(0.3)	(0.2)	(0.0)	2.1
4	OEIC	Equities	Global Dividend	2.3	0.2	(0.3)	(0.1)	(0.2)	2.0
5	OEIC	Equities	Global Themes	2.1	0.2	(0.2)	(0.0)	(0.0)	2.1
6	OEIC	Property	Property Portfolio	1.8	-	-	-	(0.1)	1.7
7	OEIC	Equities	Recovery	1.6	0.0	(0.2)	(0.1)	(0.3)	1.1
8	OEIC	Bonds	Global Macro Bond	1.1	0.4	(0.2)	0.2	0.1	1.4
9	OEIC	Equities	Charifund	1.1	0.0	(0.0)	(0.0)	(0.2)	0.8
10	OEIC	Multi Asset	Episode Income	0.9	0.0	(0.1)	(0.0)	(0.1)	0.8

With-Profits Fund Strategic Asset Allocation

Asset allocation evolution between 2010 and H1 2020



Asset allocation as of June 2020



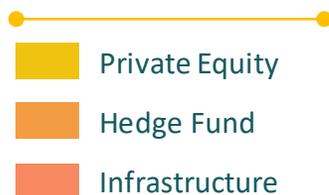
Equities



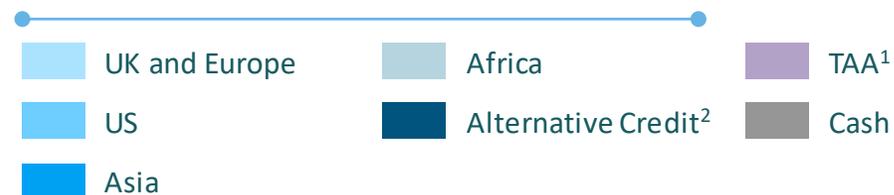
Real Estate



Alternatives



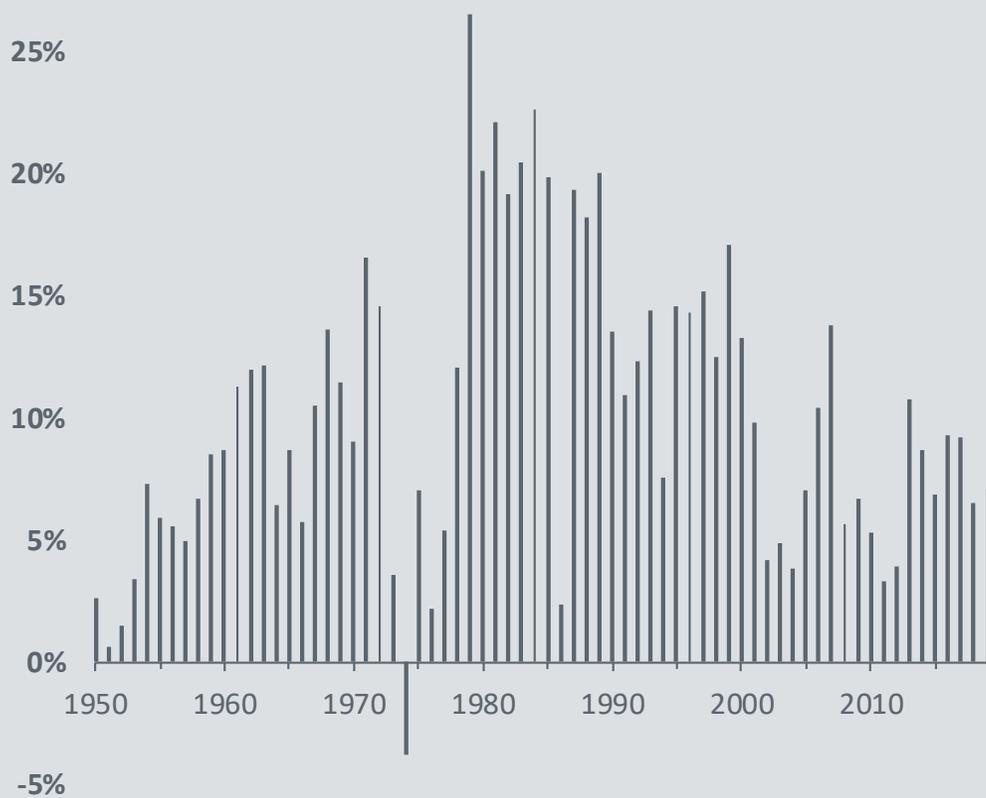
Fixed Income



1. Tactical Asset Allocation mandate; 2. Includes: Emerging Market, Convertibles, Bridge Loans, Private High-Yield
Source: Allocation as of 30th of June 2020 for OBMG, the largest of the funds within the With-Profits sub fund

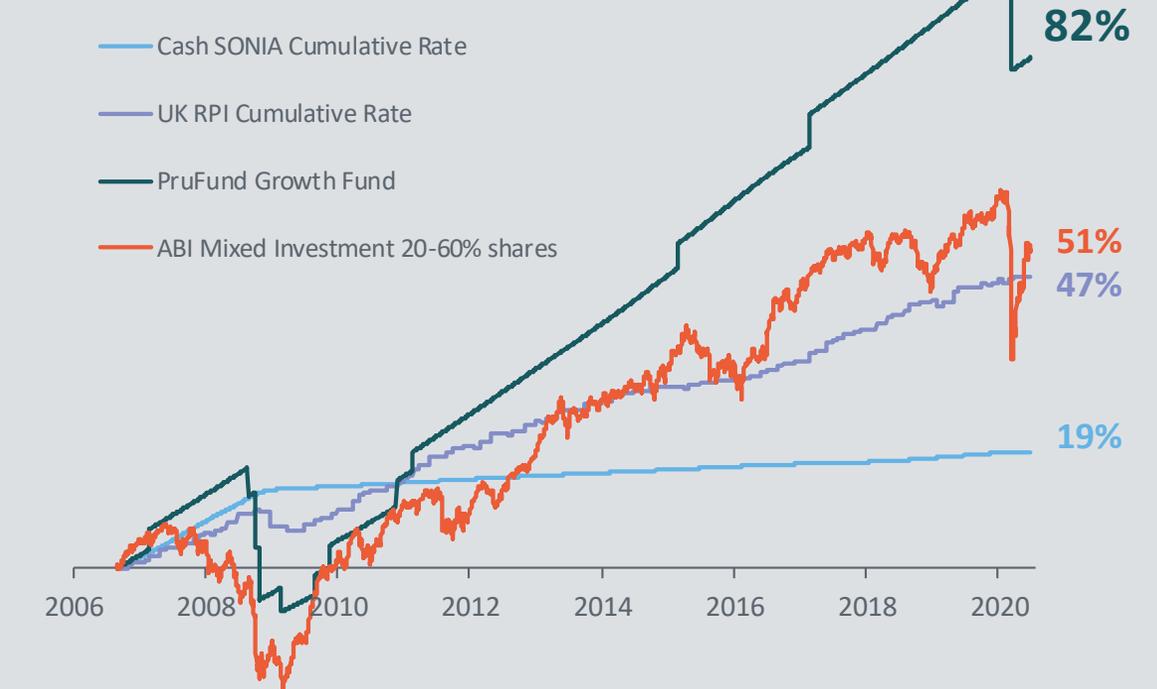
With-Profits Fund historical returns

Annualised 5-year rolling returns¹



PruFund Growth returns vs. peers

PruFund Growth returns after charges
(% returns above capital invested)¹



1. Data shows OBMG returns; OBMG is the largest of the funds within the With-Profits sub fund, backing PruFund Growth Fund—Past performance is not a guide to future performance. The value of an investment can go down as well as up and so customers may not get back the amount they put in.

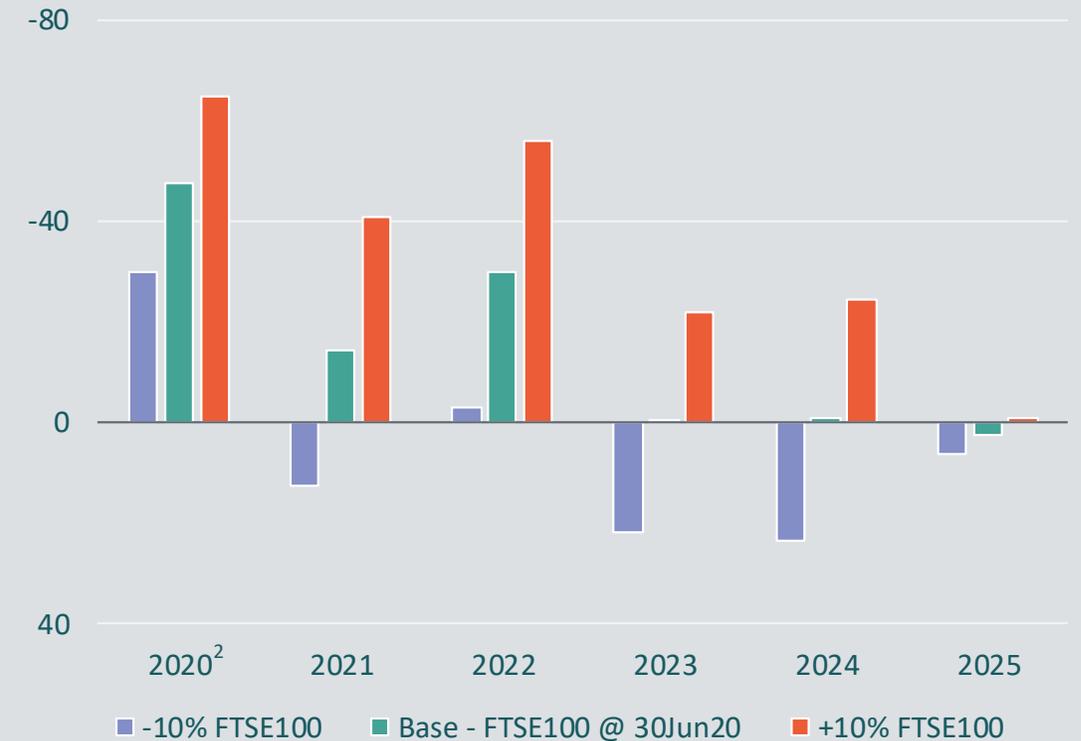
Shareholder transfer hedge programmes implemented in 2015-2018

2015 to 2018 hedges

Scope	Minimise cashflow volatility by locking-in equity market value at time of purchase
Maturity	5-year programmes based on FTSE 100 Total Return index
IFRS impact	Realised loss (or gain) at maturity included in adjusted operating result, mark-to-market in non-operating result ¹
Solvency II impact	SCR Reduction of £0.4bn (at 30 June 2020)

Estimated AOP impact from 2015-18 hedges¹

Negative AOP impact in £m



1. Represents the estimated impact at maturity on Adjusted Operating Profit for both PruFund and Traditional With-Profits. The estimate is based on the fair value of 2015-18 hedging programmes at 30 Jun 2020. The actual gains/losses may differ according to the FTSE100 growth and the moneyness of the options at maturity. As part of the hedges mature one year early, to reflect the timing of the equity risk associated with the transfer, realised gains/losses on part of the hedges are carried over and brought into adjusted operating profit in line with the emergence of the transfer they are hedging

2. Total estimated impact on Adjusted Operating Profit at FY 2020.

From IFRS Adjusted Operating Profit to Profit After Tax

(£m)		H1 2019	H1 2020
Savings & Asset Management	Asset Management	216	163
	With-Profits (PruFund ¹)	29	24
	Other	17	(25)
	Total Savings & Asset Management	262	162
Heritage	With-Profits	97	110
	Shareholder Annuities & Other	379	188
	Total Heritage	476	298
Corporate Centre	Debt interest cost	-	(79)
	Head Office cost	(24)	(72)
	Total Corporate Centre	(24)	(151)
Adjusted Operating Profit		714	309
Short-term fluctuations in investment returns		364	746
Profit/(loss) on disposal of businesses & corporate transactions		-	-
Restructuring & other costs		(82)	(22)
<i>- of which 'Transformation'</i>		32	19
Profit attributable to non-controlling interests		2	2
Profit before tax attributable to equity holders		998	1,035
Tax		(203)	(209)
Profit after tax attributable to equity holders		795	826

1. Includes an amount of PruFund predecessor unithised With-Profits contracts.

Focus on AOP Other items

(£m)		H1 2019	H1 2020
Savings & Asset Management	Asset Management	216	163
	With-Profits (PruFund)	29	24
	Other	17	(25)
	Total Savings & Asset Management	262	162
Heritage	With-Profits	97	110
	Shareholder Annuities & Other	379	188
	- of which 'Other'	71	31
	Total Heritage	476	298
Corporate Centre	Debt interest cost	-	(79)
	Head Office cost	(24)	(72)
	Total Corporate Centre	(24)	(151)
Total Adjusted Operating Profit		714	309

	H1 2019	H1 2020
International business	13	11
Investment income	16	(10)
Other	(12)	(26)
Total	17	(25)

	H1 2019	H1 2020
Mismatching profits	30	28
Other assumption and model changes	(13)	(15)
Experience variances	8	11
Other provisions & reserves	(22)	(42)
Total annuity related	3	(18)
Other ¹	68	49
Total	71	31

	H1 2019	H1 2020
Subordinated debt interest cost	-	(95)
Amortisation fair value premium	-	16
Total	-	(79)

	H1 2019	H1 2020
Head Office expenses	(21)	(48)
Investment and other income on Hold Co assets ²	(3)	(24)
Total	(24)	(72)

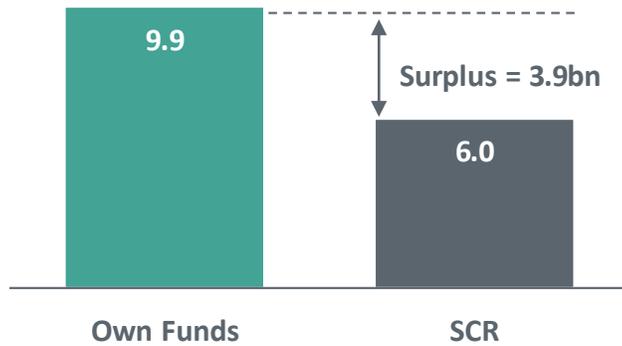
1. H1 2019 included £29m credit in respect of changes to Group staff pension schemes, and £23m of reserve releases related to completion of various legacy remediation programme reviews. H1 2020 includes £25m reserve releases related to completion of various legacy remediation programmes reviews; 2. Includes £30m negative impact of FX movements on USD denominated debt (H1 2019: nil).

Solvency II position

M&G Group

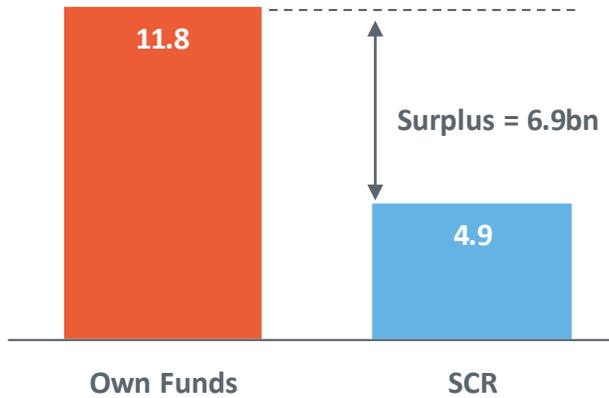
H1 2020, £bn

Shareholder view



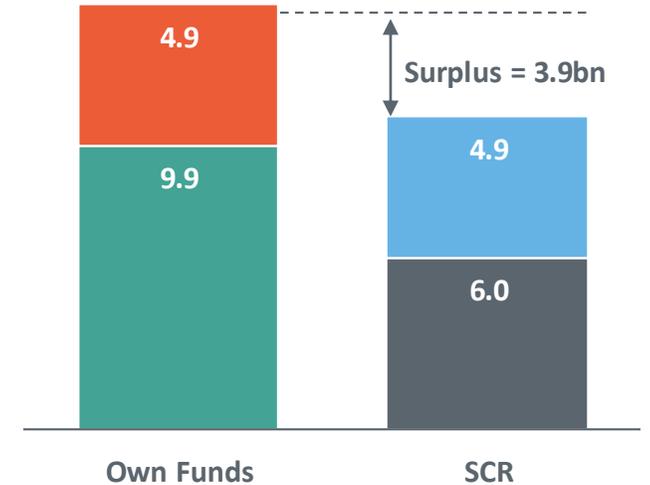
Solvency ratio 164%

With-Profits Fund view



Solvency ratio 241%

Regulatory view¹

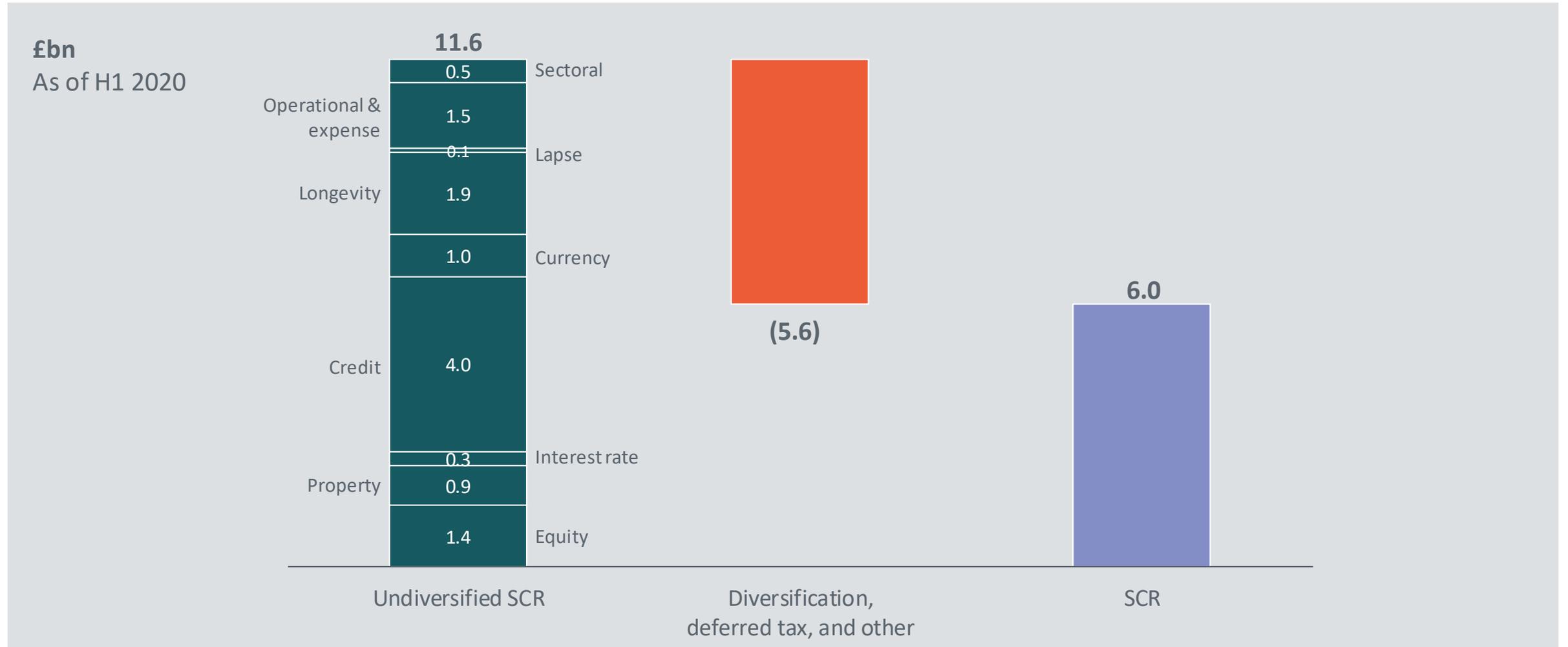


Solvency ratio 136%

1. Including the recalculation of Transitional Measures on Technical Provisions (TMTP).

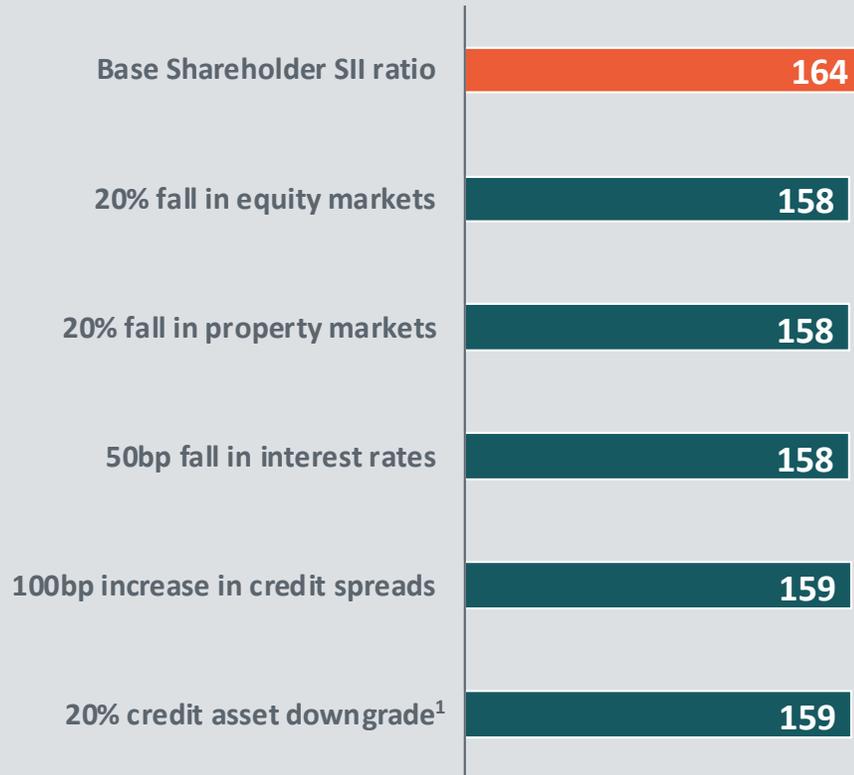
Diverse risk exposures

Breakdown of the shareholder Solvency II SCR by risk type

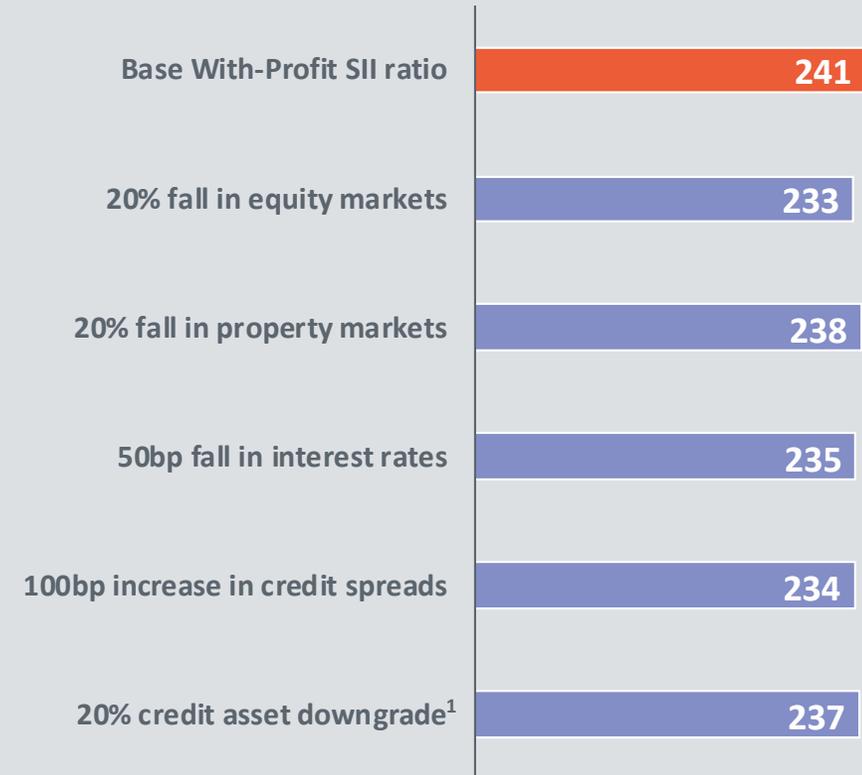


Solvency II Sensitivities

Shareholder Solvency II market sensitivities (%) As of H1 2020



With-Profits Solvency II market sensitivities (%) As of H1 2020



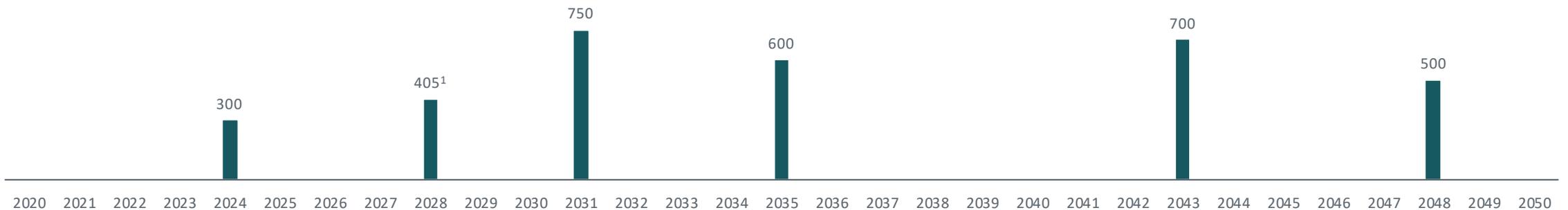
1. Average impact of one full letter downgrade across 20% of assets exposed to credit risk
Note: Sensitivities assuming recalculation of Transitional Measures on Technical Provisions (TMTP).

Financial debt structure

Subordinated debt (all Tier 2)

ISIN	Currency	Nominal (£m)	Coupon	Issue Date	Maturity Date	Call Date
XS2025521886	GBP	300	3.875%	2019	2049	2024
XS1888930150	USD	500	6.500%	2018	2048	2028
XS1888920276	GBP	750	5.625%	2018	2051	2031
XS1243995302	GBP	600	5.560%	2015	2055	2035
XS1003373047	GBP	700	6.340%	2013	2063	2043
XS1888925747	GBP	500	6.250%	2018	2068	2048

Call date profile (£m)



1. Based on USD / GBP exchange rate as of the 30 of June 2020.

Operating Capital Generation

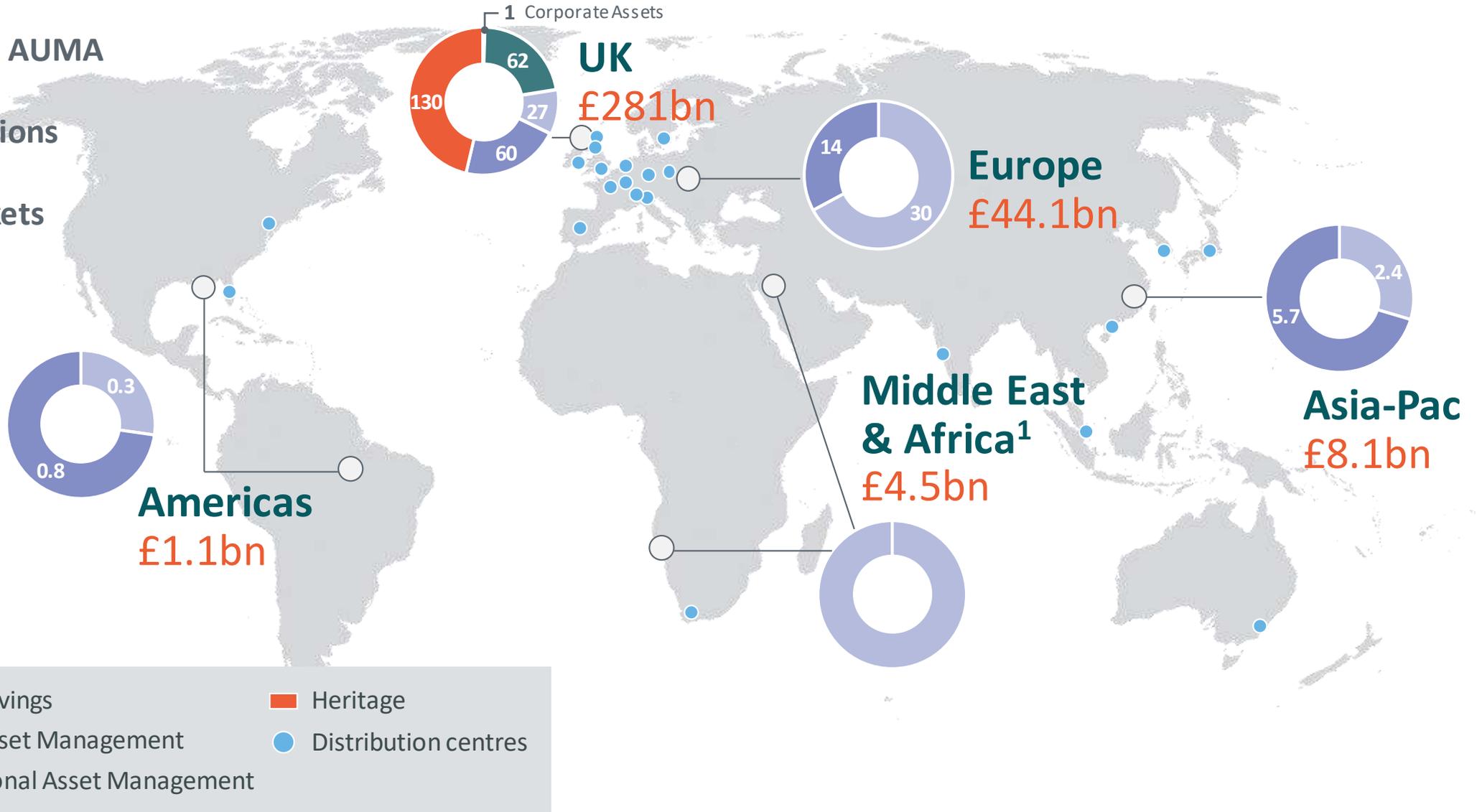
£m		H1 2019			H1 2020		
		Own Funds	SCR	Total	Own Funds	SCR	Total
Savings & Asset Management	Asset Management	216	-	216	163	(8)	155
	With-Profits	70	(66)	4	87	(69)	18
	- of which: In-force	55	(18)	37	76	(37)	39
	- of which: New business	15	(48)	(33)	11	(32)	(21)
	Other	24	(1)	23	16	(3)	13
	Total Underlying Capital Generation	310	(67)	243	266	(80)	186
Heritage	With-Profits	40	(22)	18	49	(9)	40
	Shareholder Annuities & other	131	73	204	95	74	169
	Total Underlying Capital Generation	171	51	222	144	65	209
Corporate Centre	Debt interest cost	-	-	-	(94)	-	(94)
	Head Office cost	(23)	-	(23)	(40)	2	(38)
	Total Underlying Capital Generation	(23)	-	(23)	(134)	2	(132)
Total Underlying Capital Generation		458	(16)	442	276	(13)	263
Other Savings & Asset Management Capital Generation		(43)	(28)	(71)	(9)	27	18
Other Heritage Capital Generation		166	266	432	152	110	262
Other Corporate Centre Capital Generation		8	(47)	(39)	2	(6)	(4)
Total Operating Capital Generation		589	175	764	421	118	539

Our international footprint

£339bn AUMA

22 locations

28 markets



1. Assets from Prudential Investment Managers South Africa recorded on a proportional basis in line with M&G's 49.99% associate shareholding.
 Note: All AUMA figures refer to position as of H1 2020, based on the country of the underlying client.

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